Daily Report

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Juan Escalona Comments on UN Crime Conference

FL1109204190 Havana Tele Rebelde Network in Spanish 0100 GMT 11 Sep 90

[Interview with Juan Escalona, president of the National Assembly of the People's Government and chairman of the Eighth UN Conference on Crime Prevention and Rehabilitation held in Havana, by program host Antonio Resillez, GRANMA reporter Roger Ricardo, and Cuban television news reporter Rosa Maria Fernandez at the Tele Rebelde studio in Havana on the "Open Agenda" program—live]

[Excerpts] [passage omitted] [Resillez] Dr. Escalona, we believe that in spite of the broad and extensive coverage our media gave the conference held in Cuba, there are still many things to be said. I believe that the ideas can be fully developed 72 hours after the conference ended. According to the name of the conference, the event basically dealt with two fundamental areas: the prevention of crime and rehabilitation of the criminal. It was reported that 46 resolutions were approved in this conference, many more than the ones approved in the seven previous conferences together. Dr. Escalona, how many of these resolutions deal directly with the rehabilitation of criminals and how can they be related to this issue in our country?

[Escalona] [passage omitted] Indeed, many resolutions were submitted during the congress. Fourteen resolutions were approved regarding penal justice, rehabilitation of the criminal, and supression. These resolutions referred basically to the application of sanctions other than imprisonment. The professors and staff members who have been working on the crime issue at the United Nations for many years, since the seventh... [corrects himself] sixth congress in Caracas have been noting the need for a substitute for imprisonment and finding other mechanisms to rehabilitate men without having to go to prison.

To this effect, we have begun to test—with our Penal Code—these measures to find substitutes for imprisonment. We have sanctions that replace up to three years of imprisonment with correctional work with or without confinement. It is true that our population believes this is to somewhat soften the needed suppression. Nevertheless, it is important for us to understand that supression and long imprisonment terms plant the seed for the destruction of the relationship of a man with his family and instead of rehabilitating a man it produces the opposite effect. The life of a man in prison is a very difficult one. Of course, society has the responsibility of handing down stiff sanctions in those cases in which there are no other alternatives.

Some new things were also discussed. Some new resolutions refer to the role of prosecutors and defense attorneys with the citizens who commit crimes. This was discussed for the first time and resolutions on this were approved for the first time in a UN conference. Basic principles on the use of firearms, especially in penitentiary facilities and by law enforcement officials, were also discussed. A number of new resolutions were submitted and there were subjects that were dealt with for the first time in an event such as this one.

The general theme of this conference was the need for international cooperation in the fight against crime. It is impossible for isolated countries to find a solution to international crimes, not to mention the most serious ones such as drug trafficking. This also happens with terrorism and other subjects discussed at the conference which we can talk about later. The main goal of the conference and the theme that was announced was precisely the international cooperation in the fight against crime and rehabilitation of criminals within the framework of development in the world. [passage omitted]

[Fernandez] I did not want to interrupt you Resillez but I believe my question has a lot to do with what you are saying. We wanted to ask about the presence... [corrects herself] the absence of U.S. Government representatives at this conference. As it is known, we and international news agencies have reported, that the U.S. Government attempted to interfere with and to block the holding of this conference. In 1989, during a UN Economic and Social Council meeting, they voted against it. The United States was the only country to vote against it. Considering that the United State is among the countries with the highest crime rate, including drug trafficking, and one of the biggest economic powers in the world, did the fact that the United States did not participate make this conference less important?

[Escalona] I believe that they did not achieve their goal. A conference of this type entails an enormous amount of preparation. Five regional meetings were held—as it happened with the other conferences—in the various geographical regions of the world to discuss the subjects for the conference. The UN Committee for Crime Prevention and Social Justice came up with the subjects. Inter-regional meetings were held later. Three years ago we requested that Cuba host this event. The United States first alleged that they did not agree because Cuba was a country that had been sanctioned by the UN Human Rights Committee for human rights problems. They also said that we had refused to comply with international agreements on air piracy and other excuses of the like. They were left alone at the UN Economic and Social Council meeting.

Later, they wanted to reduce the number of representatives of the state delegations that were going to attend the event. We know that they made a number of efforts on this. Nevertheless, they were not successful with this either. Out of the 81 speakers at the meeting's plenary session, over 30 were justice or interior ministers, attorney generals or general prosecuters in some countries. That is, the quality level was not lowered.

In addition, we had official delegations from 129 countries headed by high-level figures in this area. Over 1,700 people attended the event. Some countries were represented by nonofficial delegates. This is what happened with the United States. Over 50 U.S. citizens, including professors, members of nongovernmental organizations, etc. participated in the event and discussed the subjects.

I do not know how the U.S. Government can now explain—if it has time, considering its involvement in military ventures in the Arab-Persian Gulf—their absence given the role it has in the world in the area of crime. How can the United States be absent from a conference in Cuba in which the fight against crime was discussed? The United States, as a consumer country, is greatly responsible for narcotrafficking in our continent and other continents.

I believe that the event did not lack luster because of it. To the contrary, deep down I believe it brought us a little peace by knowing that they were not present. [passage omitted]

[Ricardo] Dr. Escalona, I would like to introduce the narcotrafficking subject. For some unscrupulous people in the world, this is considered as the greatest business of the century. As some UN specialists have said, we could say that narcotrafficking's income amounts to $500 billion. Of course, it is placed, along with oil and war-related industry, as one of the three largest industries of the capitalist world, of the human rights world, and the developed world. However, it is one of the biggest scourges of humankind. Obviously, drug trafficking was one of the biggest criminals seated at the defendant's seat at the Eighth UN Conference on Crime Prevention and Rehabilitation not only at the meeting rooms but also at the halls, news conferences, and interviews.

As chairman of the conference, we would like for you to refer to one or several areas included in the narcotrafficking subject, such as narcoterrorism. Could we talk about the relationship between producer and consumer countries, problems with victims, problems with extradition, etc.?

[Escalona] Your question is very broad. The narcotrafficking problem has been discussed at the United Nations at various levels. A very ambitious plan—the United Nations called it a broad and multidisciplinary plan—was approved four years ago to get the cooperation of countries in the fight against drug trafficking. We heard during the conference that an agreement was signed at the United Nations last year. This agreement had already been approved by 20 countries and it will be in effect in the world soon. This war that is being waged within a certain UN area devoted specifically to the drug trafficking problem obviously cannot operate alone.

The elimination of narcotrafficking alone cannot solve this problem. Problems of education, problems regarding consumption and the large consumer countries are involved. I believe success was reached in the path initiated by the United Nations in the fight against narcotrafficking and the agreements. Up to that time the ones responsible for narcotrafficking, the guilty ones, and the sanctioned ones had been the producing countries. After this agreement was reached, the conclusion was that producer countries would not exist if there were not such a demand in the United States. I even think that that situation is changing.

For example, the second source of income of agriculture in the United States is from marijuana. That is, they are becoming more and more independent. They no longer need marijuana from Latin America because they produce it in their own territory under such conditions and in such amounts that corn is the only product that can compete with marijuana production. If there is a crime that needs international cooperation it is the fight against narcotrafficking. Everyone's cooperation is needed in the fight against a crime.

We went to Peru recently. We learned that Peru is the first-stage producer of cocaine. It is the largest coca leaf producer country in the world. It is then taken to Colombia when it is half processed. The most sophisticated laboratories are in Colombia. This is where the finished product is manufactured. So, it is an international consortium that moves because it is later taken to the consumer markets. In this case, basically to the United States.

The new Colombian Government has announced a number of measures which are different from those of President Virgilio Barco's government. As you noted, they differentiate between narcotrafficking and narcoterrorism. They have announced their decision of decreasing the number of extraditions of their nationals to third countries—mainly the United States—limiting them basically to narcoterrorism.

We have always personally thought that when a country hands over its nationals to be tried in a third country it obviously shows that that country cannot face the problem with its own forces. Although very hard blows have been given to Colombia's narcotraffickers, they are still there.

A resolution submitted by Brazil on behalf of the Latin American countries—Brazil was chairing this group of Latin American countries—was approved during the conference. The resolution intends to make a call for unity. The Cuban stand was very well defined from the beginning with Commander Fidel Castro's speech. He noted that our country is free of drug usage, that there are no drugs in the country.

At the same time the conference was being held, our press published the news of a trial held against a group of narcotraffickers who were captured north of Ciego de Avila Province. We have another trial pending against another group that was captured north of Camaguey. This is why it was said in a news conference held during the meeting that we are working—this is actually so—on a bill to stiffen our stand not only in the case of drug

trafficking but also in the case of the use of our territory by foreigners who intend to take one of our northern keys as a place to drop drugs. I believe that Cuba has already shown its position and its determination to keep our country clean.

This was a reason for surprise by the conference's participants [words indistinct] I know about a delegation from one of the Latin American countries that went to Varadero on a Sunday. They walked the beach from one end to the other attempting to find a single syringe, one of those famous plastic syringes that are used to shoot heroine and other types of drugs. They had to confess to us that they had not been able to find a single syringe along the kilometers of beach they walked. We were convinced and confident that they were not going to find it.

This is a scourge and everything possible has to be done to eliminate it. Cuba, which already signed the first cooperation agreement with Mexico, is in a position to sign bilateral and multilateral agreements to fight against this international crime.

[Ricardo] Taking advantage of your role as president of the National Assembly of the People's Government, I would like to hear how the bill on the fight against narcotrafficking in Cuba is going.

[Escalona] Well, there is an initial draft of the bill. It is not very long. Our current Penal Code includes sanctions from eight to 15 years [of imprisonment] when minors are involved in this, etc. We intend to increase those sanctions when the crime committed is related to international narcotraffickers, to foreign narcotrafficking mafia. We intend to establish very stiff sanctions for foreigners who we may be able to capture in our country using our territory, our territorial waters, for the south-north transit, which is the route this trade always takes.

In addition, we intend to establish some pretty harsh sanctions which include the seizure of money, properties, etc. in the case that attempts are made to use our country to launder money in some way. We have not found this yet other than in the mind of one or another sanctioned person last year who dreamed about the possibility of getting income from drugs and being able to invest it in a hotel development in Cuba for the enjoyment of our country. This joy would have lasted until we found out where the money came from. I do not know what we would have done with what we built with that money. We intend to include stiff penalties—it is included in the draft bill—in the event that a crazy person intends to use Cuba for this game.

[Fernandez] Is the nonextradition of nationals maintained?

[Escalona] The nonextradition is maintained. This is a matter of principle for Cuba. Cuban nationals are tried by Cuban tribunals.

[Fernandez] This was a reason for speculation by some foreign journalists. They attempted to ask about it more than once but this was stopped [fue puntualizado].

[Escalona] The government and all justice-related organizations are supportive of this. We do not need reinforcements for now to solve that problem. [passage omitted]

[Ricardo] Dr. Escalona, the death penalty, without being a substantive subject of the conference, turned out to be one of the most controversial topics during the Eighth UN Conference on Crime Prevention and Rehabilitation after the Italian delegation proposed a death penalty moratorium throughout the world for three years. Obviously, this has many ramifications. I would like for you to give us an assessment as chairman of the congress since you were very close to the issue.

[Escalona] I believe we need to explain how this situation came about. First of all, most of the resolutions—as I said a while ago—originated at the UN Prevention and Social Justice Committee. They were discussed at the preparatory regional and inter-regional meetings. This Italian delegation resolution did not go through that process. They arrived and submitted the draft resolution. The draft resolution consisted of the following: it asked to establish a moratorium, not in terms of death penalty sentencing but of the carrying out of the death penalty. That is, it was an attempt to stop for three years the carrying out of the death penalty in the world and that after those three years the UN Crime Prevention Committee and other UN groups would come up with an analysis to see the results achieved by this.

Of course, our Penal Code and legislation includes the death penalty for certain crimes. Nevertheless, the position we adopted was that of attempting to conciliate the positions of the Western European countries with those of Asian and Arab countries which strongly opposed any death penalty moratorium. We were not successful. This was the only resolution that we had to submit to a vote. All the other ones were approved by consensus. To take the subject to a vote meant that it turned into a substantive subject of the conference which had to be approved by a majority of the delegates. The majority vote was not produced to approve the resolution. Therefore, this was the only draft that was not approved of all the ones that were submitted in the conference because it did not get the necessary number of votes.

Cuba abstained on this issue. This was not considered to be a fundamental matter for Cuba. According to the Italian delegation it was fulfilling an Italian Parliament mandate. Strong remarks were made rejecting the proposal. A delegate, I believe it was the one from Saudi Arabia, said the time had not come to eliminate this penalty. I believe that there are so many differences among the countries of the world in the political, social, and even religious areas, that it will be difficult to get to the day in which there is a universal consensus on the death penalty. Many countries have banned it. Some

Eastern European countries have banned the death penalty. Personally, I found it regrettable to hear them say that they were satisfied because they were going toward a market economy, etc. but that as a result of the changes being introduced in their economies, they were already starting to have unemployment increases, therefore, increasing numbers of marginated people, and definitely an increase in crime. That is, crime was increasing terribly in many of these countries, including, of course, narcotrafficking-related crimes.

[Ricardo] I imagine that the United State would have been placed in a difficult situation in this conference with that matter.

[Escalona] No, I imagine that the United States would have probably prevented, with its influence and strength, the resolution from being submitted since they would have been aware that they were not going to obtain the necessary votes for that. These are measures that are also used in these types of events. [passage omitted]

Cuba

Malmierca Comments on Bush-Gorbachev Summit

FL1209013590 Havana Radio Rebelde Network in Spanish 2310 GMT 11 Sep 90

[Report by Mario Lira on the "Exclusivo" program]

[Excerpt] Cuban Foreign Minister Isidoro Malmierca judged it very important that at the Helsinki summit both Bush and Gorbachev expressed their willingness to contribute to a negotiated solution. The representative of Fidel Castro's government at the regular SELA [Latin American Economic System] session, which ended here in Caracas last weekend, said that the statements by Presidents Bush and Gorbachev at their Sunday conference were very important, as they avoid an armed confrontation, and this naturally becomes a wall of containment that allows the problem to be dealt with in a different setting by peaceful means.

Isidoro Malmierca commented that we should prevent the military situation from becoming more complicated, since a military escalation in the Persian Gulf would be terrible not only for the nations in the region, but it would also have a serious impact on all of humanity. The Cuban foreign minister's statements were made to the press after the signing of the agreement on drug trafficking between Venezuela and Cuba. [passage omitted]

Castro Receives Kuwaiti Minister

FL1109152690 Havana Radio Reloj Network in Spanish 1404 GMT 11 Sep 90

[Text] Commander in Chief Fidel Castro has informed the Kuwaiti minister of electricity and water, Hamud 'Abdallah al-Ruqba, of Cuba's intention to keep on contributing to the efforts made by the international community in an attempt to find a peaceful solution to the Gulf crisis.

The leader of the revolution received the distinguished guest who delivered a document to him from the Amir of Kuwait, Jabir al-Ahmad al-Jabir al Sabah. During their meeting, they exchanged views on the current conflict in the Arab-Persian Gulf and reiterated the need to find a political solution that would prevent the situation from erupting into a military confrontation.

The Kuwaiti minister of electricity and water heads the delegation from his country. He also held an earlier meeting with the acting Cuban foreign minister, Jose Raul Viera.

Future Foreign Trade, Need To Save Fuel Noted

FL1109135890 Havana Radio Rebelde Network in Spanish 1158 GMT 11 Sep 90

["Our Opinion" commentary by Orlando Contreras]

[Text] I would like to refer to some of our realities precisely as a result of the changes in today's world. To understand it better, we can look at the facts that tell us that the trend for next year will be that much of our foreign trade will be based on world market prices. Estimates can be made on these grounds using hypothetical margins because the market does not remain stable when large volumes are negotiated.

If we had to buy today 10 million tons of oil at $29 a barrel—at prices reported this week—the bill would be $1,824,100,000. I repeat, 10 million tons of oil bought today at the world market price would cost a little over $1.824 billion. If 8 million tons of sugar were sold today, $1,955,536,000 would be obtained. I repeat, 8 million tons of sugar would hypothetically have a nominal value of a little over $1.9555 billion. All this without transportation. Of course, future purchases are made in the international market and transactions made on a single day are not as large.

This unequal trade can be explained with other elements for comparison purposes. In 1960, 6.3 tons of oil could be purchased with the price of a ton of sugar. Today, 1.3 tons of oil can be purchased with what a ton of sugar costs. Therefore, the purchasing power of sugar in relation to oil is 484 percent less. These are estimated realities. It does not necessarily mean that it will be this way next year but the trend does not seem promising.

I believe that knowing this situation helps to understand better the need to save energy, to economize oil, to work better and more rationally, to use the work day better, and produce more. The greatest wealth a country has is its people, its capability to work, its creative intelligence. The reality of today's world will cause the entire underdeveloped world to make enormous sacrifices.

I believe that because of the cultural and political education of the masses, because of its high-level technological training compared to the rest of the Third World, and because of a leadership that has been put to a test under many difficult circumstances, we are in a better position to face the worst imported crisis we have had in these three decades of the revolution.

Malmierca Signs Antidrug Accord With Venezuela

FL1109115790 Havana Tele Rebelde Network in Spanish 1100 GMT 11 Sep 90

[Text] Cuban Foreign Minister Isidoro Malmierca today met in Caracas with Venezuelan President Carlos Andres Perez with whom he discussed the state of bilateral relations and the situation in Latin American. Moments earlier, Malmierca signed an agreement with his Venezuelan counterpart, Reinaldo Figueredo, on the fight against the illicit traffic of drugs and psychotropic substances in their various forms.

The document essentially regulates the production, importation, exportation, storing, distribution, and sales of chemical products which could be diverted for the production of illegal drugs.

The agreement states that neither country will conduct activities, [words indistinct] in the other's territory, which have been exclusively reserved for the other country's authorities because of its internal rights and sovereignty.

PRC Justice Ministry Delegation Continues Tour

FL1209004590 Havana Television Service in Spanish 0000 GMT 12 Sep 90

[Text] The high-ranking delegation from the PRC that is in our country on an official mission today visited the offices of the National Social Prevention and Attention Commission in Havana. Aracelis Careaga Hernandez, vice president of the National Social Prevention and Attention Commission, welcomed the delegation led by Chinese Justice Minister Cai Cheng. Acting Cuban Justice Minister Dr. Carlos Amat was also present.

At the meeting, an open and fraternal dialogue took place between the two sides. Aracelis Careaga explained the goal and functioning of the commission, whose work is directed mainly toward guiding and supporting children, adolescents, and young people with behavioral problems. The visitors toured the Western Women's Penitentiary today, and tomorrow they will meet with the dean of the University of Havana Law School.

Afghan Minister Praises Social Development

FL1109202190 Havana Radio Reloj Network in Spanish 1945 GMT 11 Sep 90

[Text] Afghan Justice Minister Professor Ghulam Mahudin Dariz has stated upon his return to his country from Havana that Cuba's successes are evident not only in its advanced legislation but also the social development it has achieved. The Afghan justice minister was in Havana to attend the Eighth UN Conference on Crime Prevention and Rehabilitation, which was attended by almost 2,000 lawyers, judges, prosecutors, and ministers from 162 nations.

The Afghan justice minister said that the Cuban people's standard of living was higher than in most Latin American countries and many Third World countries. Cuba's results in education, health, sports, culture, retirement, and other social components are incomparably superior to all the Third World countries, the Afghan justice minister stated upon his return to his country.

Delegation to Joint Commission Arrives in Windhoek

FL1209010090 Havana Television Service in Spanish 0000 GMT 12 Sep 90

[Text] The Cuban and Angolan delegations to the ninth meeting of the Joint Commission on Southwest Africa arrived today at Windhoek International Airport, where they were met by high-ranking Namibian government leaders. Division General Jesus Bermudez Cutino, vice interior minister and a member of the Central Committee, and Antonio dos Santos Franca, a member of the Politburo of the Angolan MPLA [Angolan People's Liberation Movement] and chief of the FAPLA [People's Armed Forces for the Liberation of Angola] General Staff, headed the respective delegations.

The sessions will be opened on 13 September by Namibian Foreign Minister Theo-Ben Gurirab. Namibia and South Africa will also participate in the meeting as full members, as well as the United States and the USSR as observers. On this occasion it is expected that the minutes of the eighth meeting held in Havana two months ago, a report on the schedule for withdrawal of Cuban troops from Angola, and an analysis of the situation in southwestern Africa will be approved.

Navy Head Perez Betancourt Arrives in Mexico

FL1109203390 Havana Radio Rebelde Network in Spanish 2009 GMT 11 Sep 90

[Text] Rear Admiral Pedro Perez Betancourt, the head of the Cuban Revolutionary Navy, has arrived in Mexico City to attend the events to mark the 180th anniversary of Mexican independence. Perez Betancourt was met at the airport by Cuban Ambassador Jose Fernandez de Cossio. Delegations from Colombia and Guatemala have also arrived in Mexico City to participate in the celebrations.

Castro Receives Honorary Degree From University

FL1109142390 Havana Tele Rebelde Network in Spanish 1200 GMT 11 Sep 90

[Text] The Commander in Chief, Fidel Castro, president of the Councils of State and Ministers, has received a medal and a diploma bestowing an honorary doctorate degree upon him from the San Marcos University of Higher Education in Lima, Peru.

During the simple ceremony which took place in the Palace of the Revolution, University Rector Wilson Reategui remarked shortly before handing over the degree to the Commander in Chief that Cuba was a symbol of excellence on the continent. The honorary degree was approved by the university staff by common consent with the Peruvian students.

While he was thanking them for this honor, Fidel remarked that he was very pleased with those who had come to pay him a complimentary visit to bestow this award upon him. Fidel stated: I can tell you that we will always be grateful for the trust which you have placed in us.

* Havana's Low Population Growth Explained

90CA0109A Havana TRABAJADORES in Spanish 1 Aug 90 p 4

[Text] Many believe, not without concern, that the growth in Havana's population has been excessive during recent years.

Nevertheless, the statistics have just proven the opposite.

This can be ascertained from the summary, just published by the State Committee for Statistics (CEE) of a study on demographic growth in the capital prepared by Oscar Ramos Pinol, a researcher and head of the Institute of Statistical Research.

On the contrary, Cuba is one of the few countries in the world that have managed to reduce the population growth rate in their capital to less than its total growth in the nation. This may be read in the leaflet introduced as part of the activities sponsored by the aforementioned global agency on the occasion of World Population Day.

Similarly, it is explained that Havana, along with Paris, Budapest, and Beijing, were the only four among the 100 cities in the world with two or more million inhabitants in 1985 that had a population growth of under one percent during the period 1970-85.

On the other hand, as Oscar commented when presenting his study, in Latin America, the population growth over the past 10 years was also less than one percent in only three of the cities with a million or more inhabitants (Havana, Montevideo, and Recife).

Average Children Per Woman Among Lowest in the World

The gross reproduction rate (average number of children per woman) in our capital ranks among the lowest in the world.

According to the study, its figure of less than one during the 1980's does not guarantee the population replacement level, which requires an average of more than one child per woman.

There are multiple socioeconomic factors influencing this low fertility rate in the capital, the lowest among all the country's provinces. They include, among others, the use of contraceptives and the practice of abortion, as well as the marriage and divorce rates.

This phenomenon, which is not confined to the capital, but rather appears approximately the same throughout the entire country, makes ourfertility rate among the lowest in the world. It stands at 1.8, the level in the most developed countries, as Luisa Alvarez Vazquez, a specialist in demographics, explained during the introduction.

Also having a decisive influence on this, among other elements, is the heightening of the educational and cultural level, as well as the active incorporation of women into Cuba's economic, political, and social life.

Reverting to the case of Havana, I consider it useful to provide some further data from the study.

As a result of the prolonged decline in its births and the increase in the number of persons of advanced age, the capital's population is the oldest in the country (nearly 15 percent of its residents are age 60 or older).

In this connection, the study stresses that the gross mortality rate in the City of Havana is constantly rising, as a result of the degree of demographic aging in the capital.

This is so despite the fact that, as we know, the life expectancy in our country has risen considerably during recent years. This is shown in another leaflet issued by CEE's Institute of Statistical Research, which was also presented on the occasion of the introduction by one of its authors, Rogelio Echeverria Molines.

As for the influx of citizens from the outlying regions to the capital, it totaled about 436,000 between 1960 and 1989.

The capital's role as a magnet for immigrants from the outlying areas has gradually declined, as a result of a policy aimed at a better distribution of the productive forces.

Nevertheless, although last year the rate of migration from the provinces to the capital was one of the lowest for the last decade, people are still arriving in certain numbers, with a balance of 10,000 per year.

Not So Many Easterners Coming to Havana Now

Finally, the study may be said to indicate that the flow of Easterners to the capital began declining during the 1980's.

Between 1971 and 1981 the percentage relating to the numbers of migrants from the five Eastern provinces, in comparison with the total figures, rose from 61 to 73, dropping to 57.4 percent in 1988.

Generally speaking, with regard to the influx of people from the outlying regions, the leaflet cites the need for continuing the program of preferencial investments for socioeconomic development in other provinces.

Similarly, it concludes that the effect of the high mortality rates, and the emigration abroad, plus the low fertility levels, could lead to a reduction, in absolute figures, of the capital's population between the years 2025 and 2035.

It also states that, during the final years of this decade, the egress of persons of working age would exceed the number of young people arriving in the capital.

This study, as well as its inferences, demonstrates the degree of foresight and seriousness with which matters of such great importance are treated in our country.

In short, appearances are deceiving, and Havana, contrary to what Formell believed, can withstand more, as one of those attending the leaflet issuances jokingly remarked.

* Fines for Lost Plastic Containers Levied

90P40138A

[Editorial Report] The 17 August 1990 issue of the Havana Spanish-language newspaper TRABAJADORES reports on page 2 that 20-peso fines will be levied for lost plastic containers used in transporting beer. The State Committee for Technical and Material Supply has estimated that each container leaves the factory full and returns empty four times a month. According to the article, the loss of a container affects the distribution of beer and, to a certain extent, its production in the factory. In conclusion the article states that the imported components for each container cost approximately $3, and the country at this time is not in a position to invest foreign currency for these containers.

* Busdrivers To Receive Bonus Pay

90P40138B

[Editorial Report] The 16 August 1990 issue of the Havana Spanish-language newspaper TRABAJADORES reports on page 2 that busdrivers who transport students and workers receive bonus pay when they pick up passengers on return trips. According to the article, after picking up and transporting students, teachers, and workers, drivers will improve service if they pick up passengers on their return with an empty bus. The article further explains that the National Trade Union of Transportation Workers and the State Committee for Labor and Social Security have stipulated that drivers will receive 10 percent of the fares they pick up, not to exceed 20 percent of their wages.

Dominican Republic

Balaguer Appoints Armed Forces Intelligence Chief

FL1109185290 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 11 Sep 90

[Text] Dominican President Dr. Joaquin Balaguer last night appointed a new armed forces chief of intelligence. Air Force Colonel Miguel Angel Cabrera was appointed to this position in the J-2 section of the Armed Forces Secretariat. He is replacing national Army Colonel (Juan de Diosden). Cabrera's appointment was made within the framework of Decree No. 321-90.

* Balaguer Presents Economic Solidarity Pact

90CA0104A Santo Domingo EL CARIBE in Spanish 2 Aug 90 pp 6-7

[Speech by President Joaquin Balaguer at National Palace on 1 August; first paragraph is editorial introduction]

[Text] Following is the complete text of a speech made by President Joaquin Balaguer to representatives of various sectors of the economy who came to the National Palace on 1 August to learn the terms of the Economic Solidarity Pact proposed by the government.

Monsignor Agripino Nunez Collado, representative of the Catholic Church at this meeting; Monsignor Arnaiz; members of employers' organizations; members of trade union organizations; and representatives of other political and social associations in the country. You already know the purpose of this meeting.

This is a meeting of members of the most representative groups in the country in search of a consensus to deal with the serious problems facing the national economy. The objective of the government in calling this meeting is to obtain the cooperation of all of these sectors so that the measures adopted for the indicated purpose will have the desired success.

Without that cooperation, without that help, those measures would not be as fully effective as all of us wish. Therefore, my first request is to ask you or to repeat to you the desire of the government to obtain that cooperation, so that all of us will unite with a more properly patriotic interest in seeking a solution to the Dominican crisis.

The government is prepared to do everything in its power to obtain a solution to that crisis. It is prepared to avoid omitting anything, for whatever reasons, either political or any other, to achieve the objective which has brought all of us together at this meeting, which I could call historic.

What the government wants is to carry out a basic reform in the Dominican situation.

Let a reform be made, which the country has wanted for many long years, in its system of taxation, to make it just and equitable and to ensure that tax burdens are fairly distributed among all sectors. Those burdens should not be placed inhumanely on the most deprived sectors of the country. Rather they should rest on the wealthier sectors, but all that we do should be done with a sense of balance and social justice.

I repeat that we are on the right path, prepared to welcome all constructive suggestions, from wherever they come. We have no prejudices against anyone, whether they be economists, professionals, politicians, employers, or trade unionists. From whatever sector they come from we have, we might say, welcomed them with open arms. What we are seeking is a national solution, a solution to the Dominican crisis, to a crisis facing all of us. Consequently, in the mind of the government, and personally in my own mind, there are no prejudices of any kind or class. We are prepared to go as far as is desired, as far as you wish these reforms to go, provided that they are healthy and constructive for everyone and that the objective which all of us desire is achieved. That is, raising the standard of living of our most deprived classes and removing from the Dominican environment the burden represented by that ongoing worry that we have which is unstable prices. No

one knows, when he or she goes to a store or industrial outfit, or any market at all, what the price will be of a given article. That person, a housewife, for example, has no possibility of having a stable budget, and is at the mercy, totally at the mercy, of speculators.

Something which I wish to point out is that the government is prepared to make all the necessary sacrifices for those measures to have the desired success.

For example, reference has been made regarding the principal source of the Dominican crisis. The principal cause of inflation is the extension of credit which is not backed by anything. According to economists, we have an exorbitantly large money supply which has no relationship to the economic capacity of the country. Consequently, the government is prepared to eliminate that cause by absolutely prohibiting the Central Bank, for example, from expanding the money supply to subsidize the State Sugar Council, the CDE [Dominican Electricity Corporation], or the Dominican State Enterprises Council.

The government is prepared to absorb, as it is already absorbing, the deficit of the Dominican Electricity Corporation, which is an enormous burden for the state.

The government is also prepared to absorb the deficits run up by the State Sugar Council, which has followed an objectionable, administrative policy, and to absorb the deficits of the Dominican Electricity Corporation, for example.

If this is not done, the measures adopted will be in vain, will be useless, and will not have the desired result. This should indicate to you to what extent the government is prepared to go, in order to deal with the situation.

The government is prepared to leave no stone unturned in its endeavor to lead us to obtaining the results which we hope for, that is, the elimination of distortions faced by our national economy, in addition to making the situation in which we are living acceptable and tolerable for all social classes.

Of course, the sacrifices made by the government must be balanced also by sacrifices made by responsible sectors of Dominican life, especially the employers' sector. The employers also bear a great deal of the blame for the situation facing us. They are partly to blame, although I recognize that they have made a great effort to supply the Dominican economy. A great extent of the progress which we have made in that field we owe to the employers, who have been enterprising, bold, and intelligent and who have achieved satisfactory results in their companies.

However, the time has come when the employers must be responsible and make the sacrifices which the situation requires so that our problems can be resolved and so that we will have satisfactory results for all Dominicans.

To what extent can employers contribute to a solution of the crisis? In very many ways. First, by contributing their experience and their advice, provided that this advice is disinterested and healthy. Second, and above all, by making the sacrifice which the situation requires from everyone. What is this sacrifice? Reducing their profits and investing an acceptable amount of their legitimate profits—and the first to recognize this is the government—in terms of the situation through which we are all going.

That level of investment not only reflects profits but also what the price level should be for articles of basic need. Everything sold in this country after this Solidarity Pact is signed, which we are going to offer you, will reflect the just price for which those articles should be sold.

In short, I repeat that there should not be excessive profits on the legitimate margins assigned to each one of the industrialists, the merchants, and the retailers in that sector. Neither should there be price instability. When the price of an article is determined in agreement with the Department of Industry and Commerce and Price Control, for example, that article shall be sold everywhere in the country at the just price established by law, that is, by the corresponding, legal organizations.

We are seeking price stability, so that a person does not have to go to a pharmacy and buy some kind of medicine at one price, to another pharmacy and pay another price for the same medicine, or to still another pharmacy and pay yet another price for the same item. These different prices are completely arbitrary. They do not relate to reality, either to the cost of production determined by internal factors or to the cost of production determined by factors not reflecting the domestic environment. Rather, these different prices are influenced by the international situation.

In turn the trade unions can do a great deal, working with the government on everything which tends to relieve the burdens borne by the disadvantaged classes.

Those unnecessary strikes and those unjustified protests should be eliminated to avoid adding to the climate of fear and suspicion and to ensure that we do not move further from all of the solutions we seek.

I believe that there is one issue where we can all be united and agree upon. Such an agreement is necessary, absolutely necessary, because the measures which we are going to take would be useless without the cooperation of all of the groups which we have invited to this meeting.

The solidarity pact which we are going to propose, and which is similar to the one signed in Mexico or the one which was entered into in Costa Rica, has its own special aspects suited to Dominican circumstances. This is because no two situations are exactly the same. However, basically, our program is similar to the one Mexico approved. What we propose is a just and basic customs tariff reform to reduce tax charges to the extent possible.

The government has no fiscal objectives, nor is it pursuing fiscal purposes in these reforms. It simply wants to place the situation at a level which, I repeat, is acceptable for all Dominicans.

We are going to read the Solidarity Pact. In that pact are indicated the motives of the agreement we are going to reach, or which we hope will be reached at this meeting. In the agreement the general lines of the policy to be followed and the obligations which each sector would accept: the government, employers, and trade union organizations are indicated. I hope that you will listen with patience and without suspicion. Then we will indicate the measures which the government proposes to put into effect to deal with the crisis. Many of them are measures of a technical nature and will require explanations by the competent officials.

Anyone present here can interrupt or wait until the reading of the pact is completed to make comments on a provisional basis, which he or she may consider appropriate. Time will be given, the time you request, to study the documents and express your opinions with the certainty that those opinions will be heard without prejudice and will be received with approval. And if they are considered constructive, they will be included in the draft of the reforms which we intend to carry out.

Following is the text of the "Pacto de Solidaridad Economica" [Economic Solidarity Pact] proposed by President Balaguer.

The situation in which the country finds itself demands not only radical solutions in the areas of public finance and the monetary system but also sacrifices and the joint efforts of all sectors of national life.

To a large extent the measures to be taken by the government would lack effectiveness if they did not have the support of the citizens organized in trade unions, associations, and community groups. This is particularly the case under a system of freedom and of respect for human rights and a market economy.

At this time it is necessary to make adjustments aimed at slowing down the inertia of inflation and to alleviate its pressing, negative effects. It is necessary to adopt measures intended to reorient fiscal, monetary, foreign exchange, and pricing policies to achieve continuity in economic development in an atmosphere of social justice.

Practically all sectors of the country and the technicians who have provided the government with their views agree on the adjustments to be made and the reorientations which are advisable in order to achieve these higher objectives. The government is prepared to carry out a program focussed in that direction.

This program involves doing our patriotic duty. Therefore, we are proposing to the country, and particularly to the organized groups within it, an Economic Solidarity Pact which sets forth the points of departure and the responsibilities pertaining to the government, as well as to employers, workers, professional people, the service sector, and housewives, in the effort which the Dominican people need at the present time.

1) The government promises to require the decentralized state organizations to prepare strictly balanced and austere budgets, to continue to eliminate by all possible means and with tax resources, the deficits already accumulated and to take radical action to prevent incurring new deficits.

2) In that sense it will order the Monetary Commission and the Central Bank to refrain from authorizing the issuing of unbacked currency.

3) At the same time the government will implement as soon as possible a tax reform to modernize tax collection systems, to reduce to a minimum indirect taxes, to modernize obsolete taxes, and to broaden the tax base. This tax reform will be undertaken immediately in the area of customs tariffs.

4) On the basis of studies of real costs, with proper profit margins, the government will fix sales prices for consumers, especially on food, medicine, fuels, and transportation.

5) The government will also establish a single rate of exchange between the Dominican peso and the U. S. dollar which is subject to revision and which can be adjusted to the realities of the supply and demand for foreign exchange.

6) At the same time the government will increase the salaries of public servants and will support a salary increase for workers in the private sector. Also included in this program, to the extent that fiscal possibilities make it feasible, will be state pensions and retirement benefits.

7) Furthermore, the government will broaden and expand direct programs of social assistance, always directed toward the least privileged groups of people.

8) The government will give preference to reorienting fiscal investment aimed at increasing agricultural and industrial production, ensuring a solution to the serious problem of energy, completing public works now under way, and paying appropriate attention to the needs of the people, particularly for housing, schools, and health care centers.

9) With the greatest firmness the government will continue to adopt such measures as are deemed necessary to preserve our forests, continue the reforestation of hydrographic basins, protect particularly important ecosystems, and clean up the environment.

10) On the other hand the government undertakes to make qualitative and quantitative restrictions on domestic and foreign commerce more flexible and to reduce to a minimum the number of unnecessary and

purely speculative middlemen, particularly, when it comes to products which make up the family food basket.

11) The government also reiterates its intention to renegotiate the public debt on terms compatible with the real possibilities of the country to repay, as well as to broaden the use of foreign loans for particularly productive programs and projects.

12) Finally, the government will adopt measures to restrict domestic credit for purely speculative activities, to extend loans aimed at increasing agricultural and agroindustrial production, and to provide incentives for repatriating capital.

13) The employer sector undertakes to maintain for the six months following the date of the signature of this pact, prices set for articles of primary need: especially food, medicine, transportation spare parts and equipment, and inputs for agricultural and livestock production.

14) At the same time the employer sector undertakes to absorb salary increases and to support tax reform.

15) With the objective of restoring the System for the Repatriation of Foreign Exchange and maintaining and improving it the employer sector promises to turn over foreign exchange entering the country generated by exports of goods, services, and remittances. This will be done to guarantee the monetary and foreign exchange stability of the republic.

16) In the same way the employer sector undertakes to join forces with the government in terms of measures which contribute not only to slowing down the inertia of inflation, but also to expanding the production of goods and services for domestic consumption and export, in addition to developing transportation facilities for cargo and passengers.

17) Finally, the employer sector will contribute to supporting a labor management relationship consistent with national needs, including adequate salary levels and sufficient staffing for efficient productive and commercial operations.

18) Labor, professional, service, and community organizations promise to contribute to harmony between labor and management, to continue their services, to increase productivity, to defend public order, and to favor social peace, without giving up their legitimate aspirations to improve the standard of living.

19) The implementation of the agreements contained in the present Economic Solidarity Pact, which will be in effect for six months following its signature, will be followed up by a Supervisory Commission appointed by the Office of the Presidency and made up of representatives of all of the groups which sign it. At the end of its period in office the commission will decide on changes made advisable by the circumstances.

20) In a special way and with the support of the government, housewives will organize themselves in residential associations which will act as watchful guardians of any attempt at speculation and abuse of the people's economy.

21) The present agreement is inspired by supreme principles of economic solidarity and by the unwavering objective of continuing the country's development in a balanced way, in peace, with social justice, and freedom.

SIGNED at the National Palace in the presence of the president of the republic who, in his capacity as chief executive of the nation, signs it, together with representatives of the government and organizations for workers, employers, professional and service people, as well as community groups on [date omitted] of August 1990.

[Signed] Joaquin Balaguer president of the republic

* Economic Solidarity Pact Amended, Signed

90CA0104B Santo Domingo EL SIGLO in Spanish 7 Aug 90 p 1

[Article by Emilia Pereyra]

[Excerpt] In the absence of the main central organizations of trade unions in the country the government and representatives of the productive sectors of the economy signed on 6 August, the Economic Solidarity Pact proposed by the government, following which the authorities will change present economic policy. [passage omitted]

The agreement was signed practically using same terms as the government had proposed, after a further point was added, suggested by German Emilio Ornes, editor of the daily newspaper EL CARIBE, which expanded a statement made by several trade union organizations.

The text of this addition to the pact is as follows: "The government undertakes, and the other signers of the pact accept it this way, to submit special legislation to combat monopolies in all their forms, thereby strengthening the provisions of the constitution of the republic which prohibit monopolistic activities and practices, with the single exception of those which the state exercises in accordance with the national interest."

During the meeting held on 6 August at the National Palace, where the pact was signed, beginning at 1300, Rafael Santos, a trade union member, proposed, on behalf of nine trade union central organizations and 11 trade unions, that the minimum salary should be raised by 150 percent.

Santos read a document in which it was suggested to the government that it make major changes in economic policy and that it work hard to increase the production of food.

For its part the National Council of Businessmen (CNHE) read another document in which it advocated a

review of the prices of articles of basic consumption every three months and the immediate enactment of customs tariff reform. [passage omitted]

In the agreement, whose text was released by the government on 1 August, the authorities undertook to eliminate the issuing of unbacked currency to cover the deficits of various state enterprises and to increase the salaries of workers in the public sector by 30 percent.

The government also promised to undertake a basic reform of taxes and tariff duties and to readjust the prices of products of the State Sugar Council, of Dominican Mills, and of the Dominican Petroleum Refinery.

In the agreement the authorities also stated that they would undertake a program to clean up financial entities with problems of liquidity and to freeze the net, consolidated loans which remain outstanding in the public sector.

Furthermore, the authorities undertook to revive the System for the Repatriation of Foreign Exchange, to establish a fixed rate of exchange which can be revised, and to increase the monthly subsidy of the CDE [Dominican Electricity Corporation].

* Presidency Secretary on Economic Program

90CA0104C Santo Domingo EL CARIBE in Spanish 2 Aug 90 p 6

[Text] Following is the complete text of the speech in which Roberto Martinez Villanueva, technical secretary of the Office of the Presidency, explained the scope of the new economic program which the government plans to implement.

The economic proposals underlying the program which you have recently learned of, applied as a whole, seek to correct over a short period of time the tendencies which have produced the foreign exchange, monetary, and fiscal imbalances now present in our economy. The national government has worked diligently on the study of all possible measures to be included in a new economic policy which will ensure appropriate levels of stable growth. To accomplish this objective, we have taken into consideration recommendations by well known, international experts, as well as opinions expressed by many groups within the country.

Let us first review the picture of the present, economic panorama.

Monetary Sector

Net internal credit during 1989 increased by 5.5 billion Dominican pesos. Only 500 million additional pesos were extended to the public sector. However, the "Other Assets" account of the financial sector increased by 6.2 billion pesos. This reflects an expansive credit capacity which does not depend on the activity of the public sector. The fact is that the public sector has behaved prudently in the face of the unusual expansion of the private banking and financial areas. The economy is faced with considerable volatility in the private financial area. This situation raises the need for greater restraint by those actively engaged in the domestic banking and financial structure.

Seen from the point of view of the consolidated, monetary sector, additional credit was extended to the private sector amounting to 4.0 billion pesos during the period 1986-1989, while during the same period credit extended to the public sector increased by 2.0 billion pesos. When we assign responsibility for the causes of the inflationary process, the need to establish an adequate balance, to follow joint policies, and to contract this factor as soon as possible is obvious.

The basic actions on monetary policy proposed in the economic program are as follows:

- 1) To develop a recovery program for the financial institutions of our national economic system which are faced with problems of liquidity.
- 2)To establish gradually an effective, commercial reserve in the Banco de Reservas [Reserve Bank].
- 3) To require a minimum amount of paid in capital and reserves for each type of financial institution, depending on its geographic location.
- 4) To correlate the active and passive rates of interest of the Central Bank with the expected rate of inflation and to increase passive rates in the banking system for small savers.
- 5) To freeze net credit to the consolidated, public sector.

These measures as a whole have as their primary objective the recovery of the entire national financial structure, with the knowledge that financial prudence by the private sector, in its operations, will be as necessary as caution by the Central Bank regarding the public sector.

Fiscal Sector

The budgetary deficit of the government, the Central Bank, and public corporations amounted to 2.3 billion pesos in 1989. Of this total 1.1 billion pesos related to arrearages of interest on the external debt and other debt commitments of the public sector. This means that the consolidated, operational deficit of the public sector increased to 1.2 billion pesos, of which 600 million pesos reflected losses by the Central Bank, 100 million were from operating losses of state owned enterprises, and 500 million pesos reflected the increase in the credit extended to the autonomous, public sector.

The economic program which is to be applied provides for the liquidation of the public sector deficit, as a result of which the deficit of the Central Bank will be covered by part of the increase in foreign exchange collected under the new customs system and a revision of prices for the CEA [State Sugar Council] and Molinos Dominicanos [Dominican Mills], together with a subsidy for the

CDE [Dominican Electricity Corporation]. These measures will ensure a balanced budget for public corporations.

Foreign Exchange Sector

The lack of change in the foreign exchange rate, over time, during a situation reflecting price increases, has resulted in a significant deterioration in the foreign exchange sector.

The economic program proposed by the government will help this situation by providing for a fixed rate of exchange but open to periodic revisions, in such a way that it will create a firm balance between the receipt of foreign exchange necessary to maintain the system in operation and the utilization of this foreign exchange to finance imports which will maintain the economy under conditions of continued and sustained expansion.

Measures Considered Individually

To facilitate the presentation of the economic program in a specific way, we have decided to discuss each measure independently, although we warn you that all of these actions are intimately related.

The program will begin with the adoption by the Central Bank of a foreign exchange program, as I have already outlined. In turn, it will serve as support for the System for the Repatriation of Foreign Exchange. It has been demonstrated that this program is appropriate for the development of the economy in the area of international trade and finance.

When it is stated in the text of the economic pact that the pricing policy for products with significant, imported components will have to reflect international realities, translated into internal prices through the prevailing rate of exchange at a given moment, we are referring to the need for reflecting real, operating conditions of each enterprise, which would avoid greater problems for the economy.

The deficits of the Dominican Petroleum Refinery and of Dominican Mills, for example, are due specifically to the rigidity with which the prices of their products have been set. This practice has made the financial development of these companies negative or positive. When factors out of the internal control of the economy, such as the international price of products, cannot be passed on to the cost of production, then it is necessary to make internal prices more flexible so that they reflect operating conditions in international markets.

This same rigidity has worked against the economy of the sugar sector, especially of the State Sugar Council, which lacks the required flexibility to adjust to changing conditions in the domestic market and specifically in this case the external market as well. In the hands of speculators in sweeteners this situation led to a shortage of supply in the domestic market in view of the speculative attraction of better prices abroad.

Another, dramatic example is the increase in the price of crude oil, which took place during the past weekend, due to conditions in the international petroleum market. These prices increased from US$15.86 to US$18.63 per barrel. Under existing conditions the Dominican Petroleum Refinery was unable to react to this phenomenon commercially, by changing its prices in the necessary direction.

That inflexibility has also been responsible for deficit levels which have had an impact on the demand for credit and which finally have had the effect of transferring the absence of price adjustments for products affected by international conditions to other prices not directly related to such a phenomenon.

Remember that the Dominican economy, because it is open and not very diversified, has been seriously harmed by a world economic picture characterized primarily by changing prices. It has not been able to react quickly, due to the rigidity with which key prices in the domestic economy have been stratified.

To compensate the working population for the effects of this economic program, the government would advocate an increase in the minimum salary amounting to 30 percent and would instruct the National Salaries Committee to call on worker and management groups to make their own salary readjustments. Additionally, the government will increase the financial support which it has been providing to the Dominican Electricity Corporation to halt the growth in the swollen deficit of the company. This will increase even more because of the rise in petroleum prices resulting from measures applicable to hydrocarbons calculated at an additional 30 million pesos per month. This is the situation because no public body will have prices different from the rest of the economy. The direct subsidy to the CDE will be financed with the current income of the central government.

Another essential component of the economic program is the modernization of the Dominican tax collection system. The modernization and simplification of the tax and customs duty system will bring in greater fiscal income to finance the new social charges which the government will have to handle, even when taxes and tax rates are reduced. This action will be constructive and will be a principal factor in the future development of the country, assuming essential levels of distributive justice. Changes will be made immediately in the customs tariff system, followed by action to advance the work of reform in all of their extension.

It is proposed that customs duties be reduced significantly, going so far as to group all imported products, with the exception of medicines and other items of singular importance or affected by contractual obligations, at a level ranging from 10 to 25 percent and, in special cases, up to 50 percent.

On the broadest subject, that of reform as a whole, the president approved Decree No. 251-90 on 22 July, creating a Special Commission which will bring to his

consideration all of the draft laws on fiscal reform as a whole. This is an initiative of the government itself and has been the object of extensive preparation.

The reduction of customs tariff rates will make it possible to make the customs system clearer and will result in major advantages for the operations of the import sector, to the extent that the market price of many products will decline.

It is possible that with this new focus government tax collections will increase after a revision in the value of merchandise, using the market rate of exchange for the translation of import prices to domestic prices. Furthermore, the number of people paying customs tariff duties will be increased, evasion and fraud will be reduced, as well as the under or over valuation of imports, at the convenience of those who pay the duties. The application of the foreign exchange repatriation program, as well as the ITBIS [general sales tax], will be a part of the new system, which will be adapted to the new conditions.

The convenience of moving together along the road of benefits for everyone can therefore be appreciated in all of its extension. It is a question of choosing between:

- Establishing a chronic process of shortages and scarcity, as happens in many economies, where the whole population is affected daily; or, on the other hand, an economic climate where normal supply is handled appropriately and where speculation is reduced which would otherwise bring with it uncertainty for the consumer.
- Sudden deficits in key enterprises which, because of their size, cannot be totally subsidized by the government. When subsidies are handled by the government, inevitably, they more often go to those who do not need them, as opposed to groups which are truly vulnerable or for whom the government carries out an increasingly skillful and just program of assistance, by concentrating aid through selective subsidies.
- Technical forecasts and our confidence in this economic program point to the fact that this program, if implemented with the conscious and active participation of the entire society, will significantly reduce inflation, make the bureaucratic system clearer, and make prices stable and predictable thereby eradicating a trend toward price increases driven by psychological nervousness. The whole economy will be directed toward balanced and dynamic expansion, investment will increase, unemployment will be reduced, and the productive capacity of the country will increase.

* CDE Costs Rise, Production Drops

90CA0105A Santo Domingo LISTIN DIARIO in Spanish 31 Jul 90 p 1-D

[Article by Jose P. Monegro]

[Text] The Dominican Electricity Corporation (CDE) is operating at a financial deficit of about 50 million pesos a month, according to the economic statements of the enterprise.

The CDE functions on the basis of a monthly subsidy from the government, which provides about 41.5 million pesos, while the remaining 8.5 million are covered by energy rationing, technicians who work at the enterprise reported.

International credit bodies such as the World Bank have recommended that the CDE increase the rate it charges in order to make up the economic deficit and to achieve self-sufficiency.

The current rate averages 68 centavos per kilowatt. This rate has been in effect since last year, when Engineer Miguel Angel Hernandez Gobaira was the administrator.

The corporation explained that operational costs have gone up substantially due to the increase in the dollar premium, and they will rise further when the government authorizes higher prices for oil products.

The present administrator of the CDE, Jose Antonio Guzman Alvarez, admitted that the kilowatt-hour subsidy is becoming a great burden for the enterprise.

The economic problem is being made more acute by the considerable number of energy consumers with illegal hookups.

According to a report published by the CDE on the 16th of this month, 305,016 of the 500,000 consumers in the National District have illegal installations, while an average of 90 percent of the regular customers are in arrears with their payments.

The CDE is having to rely on international loans in order to carry out technical operations, because the sums collected for the energy sold do not even suffice to maintain the stock of replacement parts needed by its units.

However, the loans from credit institutions have been paid out slowly, to the extent that of the $105 million authorized by the World Bank more than a year ago, the CDE has only received $17 million.

The economic crisis the enterprise is experiencing, together with the technical problems, has led to one of the worst energy crises the country has ever experienced.

The corporation's situation is affecting all sectors of national life and industry in particular. On a number of occasions, there have been complaints that power failures are affecting production.

The Haina Industries Association recently reported that the unavailability of electrical energy is "dramatically reducing production at this industrial park."

* CDE Meets 30 Percent of Demand

90CA0105B Santo Domingo EL NACIONAL in Spanish 24 Jul 90 p 5

[Article by Jose Maria Hernandez]

[Text] Electrical production dropped to a level equivalent to less than 30 percent of domestic demand this morning when

Itabo I was taken out of service, leaving 23 of the 32 units in the domestic electrical system shut down.

The Dominican Electricity Corporation (CDE) has only enough energy available to provide customers with lighting, although there are some sectors which have not had electric light since Sunday.

Despite the fact that the president of the Dominican Oil Refinery, Engineer Manuel Alsina Puello, announced that a shipment of fuel oil has been delivered to the CDE, the Falconbridge, San Pedro I, and Santo Domingo V units were still shut down this morning due to a shortage of fuel.

El Timbeque II and the Santiago diesel station are out of service because they have no gas oil.

In addition, Itabo II is out of service due to a problem with the Haina V boiler.

Santo Domingo VI and VII, Puerto Plata I, Haina I, Haina IV, Los Minas I and II, San Pedro de Macoris, and Barahona have been out of service for some time due to breakdowns.

The majority of the hydroelectric plants are shut down because of the low level of the reservoirs at the large dams.

CDE technicians fear that a further collapse in the electrical system resulting in low energy production may occur at any time.

As of midmorning, the CDE was generating only 243,000 kilowatts, of which 20 percent is lost in the obsolete energy distribution system. At certain times during the day, demand reaches about 750,000 kilowatts, a level increased by 100,000 kilowatts at the so-called peak hours.

Energy generation was interrupted this morning at Haina II and III, Puerto Plata II, Wartsila, Santo Domingo VIII, El Timbeque I, Itabo II, and three hydroelectric plants.

Sources at the CDE said that the energy production of these units is still being restricted in order to save fuel.

Capital city residents, with the exception of fewer than 10 sectors, have been left without energy for up to 20 hours a day since the early morning hours on Sunday.

In the neighborhoods in the upper part of the capital, there were only 3.5 hours of electrical light yesterday, and it is feared that the situation will be worse today because Itabo I, which contributed 70,000 kilowatts, has been taken out of service.

The situation is resulting in substantial losses in industry and trade. This latter sector has opted to cease selling a number of foodstuffs which require refrigeration if they are to be maintained in suitable condition for human consumption.

* Power Shortage Hurts Businesses

90CA0105C Santo Domingo EL SIGLO in Spanish 31 Jul 90 p 1

[Article by Frank Nunez]

[Text] Although the supermarkets in Santo Domingo are among the leading customers of the Dominican Electricity Corporation (CDE), these establishments are remaining open to the public as a result of power plants they have found themselves forced to buy in recent months. They are costing 6,000 pesos per day in gas oil consumption.

Three years ago, the managers of these businesses complained bitterly when they found themselves without power for four or five hours, because of the lengthy periods they had to keep their emergency plants operating. Now most of the supermarkets have two plants, which they operate alternately, given the constant failure of the CDE to provide people with service.

After describing the electrical energy problem as catastrophic, Socrates Tavarez, the chief accountant for the National Supermarket on 27 February Avenue, said that this establishment has two 550-kilowatt generators. They regularly consume 250 gallons of gas oil per day, representing an investment of 6,000 pesos.

In his 21 years with this supermarket, Mr. Tavarez has never had a similar experience where energy service is concerned.

He explained that in order to continue operating since last Sunday, the enterprise has had to have its two plants functioning. They have ceased to be "emergency" facilities, having been put to regular use.

The same situation prevails at the Pola Supermarket on Sarasota Avenue, which has one plant with a capacity of 250 kilowatts and another with a capacity of 230, thanks to which this establishment can keep its doors open.

The manager of the supermarket, Severino L. Heria, said that the two plants consume a thousand gallons of gas oil per week, because they are kept operating almost full-time.

Because of the poor condition of the 250-kilowatt unit, it will have to be replaced with another with similar capacity. This will mean an investment of approximately half a million pesos for the business.

The supermarket in this same chain located on Abraham Lincoln Avenue consumes 2,500 gallons of gas oil each week, the merchant said.

The situation in the smaller supermarkets is even worse, and many of their owners have said they are threatened with bankruptcy, since they cannot afford to buy generating plants with a large capacity nor pay for the heavy fuel consumption.

Mrs. Hilda Gomez, the owner of the Hilda Supermarket on Isabel Aguiar Avenue in Herrera, said that it is taking up to 100 pesos per day to pay for the gasoline to operate a 16-kilowatt plant. Even this has not prevented the loss of some items which were damaged due to a lack of refrigeration.

*** Human Rights Violations Denounced**

90CA0105D Santo Domingo LISTIN DIARIO in Spanish 6 Aug 90 p 5-D

[Article by F. Calderon]

[Text] San Francisco de Macoris—The Duarte Commission for the Defense of Human Rights has charged that many of the farmers arrested by the forestry authorities are being detained for as long as 15 days and are being forced to work as a penalty.

This body issued a statement listing a series of violations of the laws and the Constitution being committed against humble farmers, who are even being penalized by forced labor, without consultation with the competent jurisdictions.

The Duarte Commission for the Defense of Human Rights indicated that it values and supports all possible efforts in connection with a reforestation campaign and the halting of the depredation of the country's forests, provided that without sensationalism nor arbitrary action, these plans are pursued on a rational and planned basis.

However, the commission said that it is not possible to ignore the social problem, the problem of those who have supervised the burning of charcoal, the small plots of land, and the firewood; those who have fire boxes and portable stoves but cannot purchase a proper stove; and above all, those who are marketing large quantities of wood, along with the farm owners who are laying the river banks to waste.

"We believe that the forestry laws should be enforced with strictness and equity, but not with cruelty—with justice, but not high-handedly, with adherence to their postulates, and above all on an equal basis, without discrimination," the written statement of this body said.

The commission said it has knowledge that farmers have been arrested and kept for 10, 12, 15 or more days in prison, and thus the requirement that an individual be charged or released within 48 hours is being violated.

The statement also disclosed that these individuals were also being taken to other settlements and forced to work, in a country where public labor, not to mention forced labor, has never existed as a legal penalty.

*** Three University Students Shot by Police**

90CA0105E Santo Domingo EL SIGLO in Spanish 7 Aug 90 p 2

[Article by Rosa Moreno]

[Text] Three students at the Autonomous University of Santo Domingo (UASD) were shot down yesterday by policemen who burst onto the campus and who wounded 10 others with birdshot. The police arrested and beat some passersby and employees.

One of those wounded was identified as Felix Alberto, a law student and member of the Dominican Student Vanguard (VED), who was struck by a bullet in the left buttock. Dr. Pedro Oscar Tineo Badia, who was the first to treat him at the Dr. Tejada Florentino Medical Dispensary at the UASD, said that this individual was the most seriously injured.

Another student, identified as Rusbelt Perez Mesa, was wounded in the leg, minutes after having been released by the police themselves. They had been holding him in a UASD bus which the police had filled with university students they had arrested. Perez Mesa was taken to the Central Hospital of the Armed Forces and National Police.

It was not possible to obtain the name of the third individual struck by a bullet. One of those injured by buckshot was identified as Victor Amparo, an Orlando Martinez Democratic Student Union (UDEOM) leader, who suffered a head injury.

No policemen were reported to be seriously wounded. It has been learned that some agents were struck by stones in the ankle, and that one suffered burns when a homemade bomb exploded.

The students held a soldier dressed in civilian clothes, whom they disarmed, for several hours, believing that he was an infiltrator posing among them as just another demonstrator. However, he was later released.

The attitude of the agents of the police establishment was condemned by the rector of the educational institution, Dr. Julio Ravelo Astacio, who demanded that the chief of police see to the speedy release of those arrested. "We want to voice our most energetic protest against the sudden raid by the National Police, in open violation of the university jurisdiction," the rector said.

Ravelo Astacio urged the chief of police, in addition to releasing all of those arrested, to penalize the individuals involved in this action, "which is unworthy of the National Police, since it puts this force in a position not of protecting and safeguarding lives and property, but suddenly beginning to violate citizens' rights, and in this case, those of the Autonomous University of Santo Domingo."

He also called upon the citizens to support the university at this time, and he announced that classes will continue and that the highest authorities will meet today to assess the situation.

The policemen who entered the university premises broke down one of the doors in the financial control area near the rector's office. Some of the employees locked themselves into several of the departments while the police moved about the entire area. They withdrew from the site about 9:00 pm, after their sudden raid had lasted more than two hours, and after clubbing university guards, whom they arrested together with other employees.

The president of the FED [Federation of Dominican Students], Aquiles Castro, like the rector, condemned the actions of the police agents. He demanded that the individuals arrested be released, and he warned that if they are not released within the next few hours, protests will continue.

* Peasants' Union Seeks Land for Members

90CA0105F Santo Domingo EL SIGLO in Spanish 10 Jul 90 p 6

[Article by Antonio Reyes]

[Text] Cotui—The Union of Peasant Federations in the Sanchez Ramirez province has warned that the lack of land in the possession of the farmers in the zone may lead to an upsurge in crime and bad habits among their children, since they can find no jobs from which to earn their daily sustenance.

Simeon Robles (Papa), president of the peasant organization, said that the general failure of local authorities of the Dominican Agrarian Institute (IAD) to take action in the effort to recover state land in the hands of private citizens has kept the sector he represents in an anxious state.

"In the past two years," Simeon added, "those of us in the province who are landless peasants have occupied fallow state land held by private individuals who are cultivating nothing on it dozens of times, and the only response we have had from the authorities is repression."

He described the attitude adopted by the officials in the local agency of the Dominican Agrarian Institute toward the problem of land ownership in the zone as very dubious.

He believes that if these authorities were to implement the Agrarian Reform Law fairly in the province of Sanchez Ramirez, the men and women in the rural area would not be suffering from the overwhelming impact resulting from the current economic crisis.

"The lack of land for cultivation in the rural area is leading young people and even children to engage in immoral activities, such as crime and the worst vices," the peasant leader asserted.

The president of the Sanchez Ramirez Peasant Federations Union said that when peasants have recourse to this method (seizing land), they do so after being deceived by the unfulfilled promises of the IAD authorities to find them land where they can work with dignity.

Simeon Robles maintained that not even one peasant settlement has been organized in the zone during the current presidential term. In his opinion, this reveals the authorities' lack of interest in giving a little piece of land to the rural citizen who needs it.

The peasant leader called upon the IAD authorities to place themselves on the right side of the law, and to use it without hesitation against those who violate it, so that happiness and hope can be enjoyed by thousands of poor peasant families who lack any means of earning their daily sustenance.

Correction to Balaguer Averts 72-Hour Strike

WA1209140090

The following correction pertains to the item headlined "President Balaguer Averts 72-Hour General Strike," published in the 11 September Latin America DAILY REPORT, page 5:

Column one, paragraph four, first sentence, make read:...public, verbal, and contradictory [as heard] dialogue. The dialogue was...(adding editor's note)

Haiti

Groups React to CEP Call for Poll Contributions

FL1109175790 Port-au-Prince Radio Metropole in French 1600 GMT 10 Sep 90

[Excerpts] [Passage omitted] In the face of financial difficulties, the elections have been postponed until 16 December. Last Wednesday [5 Sep] the Provisional Electoral Council [CEP] issued a call for contributions from Haitians living overseas and for residents to assist through voluntary service and other forms of benevolence. This call produced a moderate reaction from a portion of the Haitian political class this week.

According to Louis Dejoie, leader of the National Agricultural and Industrial Party [PAIN], this is a good initiative to start. [passage omitted] Let us point out that Dejoie is a member of the National Dignity Elections Initiatives Committee which supports financing the elections from Haitian contributions. Dejoie refuses to participate in the poll under Trouillot's regime. He said, however, that everything should be done to accelerate the electoral process. [passage omitted]

According to Jean-Claude Bajeux, second in command of the National Congress of Democratic Movements [Conacom], this call is surprising because it comes late. [passage omitted] He thinks this call will ultimately have an essentially positive psychological effect. [passage omitted]

Regarding the elections, Professor Lamartiniere Honorat, secretary general of the National Union of Democratic Forces [UNFD], says he does not intend to take part in elections under the auspices of a Provisional Electoral Council [CEP] which has published an electoral law which does not take into consideration the financial reality of Haiti. Honorat finds the justification for his position in the tumult between the Executive and the State Council, and the Executive and the CEP, a political bustle in which serious elections are hardly

possible. Concerned about the ever increasing delay of the elections, Honorat thinks that it is a shame for an independent country to wait for foreign assistance in elections. Honorat says that this is sad and this should stir the conscience of all real patriots. Even worse is that there is talk of organizing marathons to collect the money to finance the electoral process. This is an important matter that is being literally transformed into a farce. Honorat denounced that a certain grouping has taken over the matter of elections and further denounced their adjournment sine die. According to Honorat, some political parties that the CEP does not bless will reportedly be disallowed. [passage omitted]

MOP Urges Unity, Favorable Election Conditions

FL1109163190 Port-au-Prince Radio Nationale in Creole 1300 GMT 10 Sep 90

[Text] The Bel-Air Movement for the Organization of the Country [MOP] has issued a press release in which it is asking for unity among all sectors in the country. MOP is asking all democratic forces to unite and form a front to set up a democratic government in Haiti. Here is what MOP said in its press release:

MOP is asking all patriots living both inside and outside of Haiti to unite and create the conditions under which we can hold elections to elect the people we want to lead the country. We will not refuse help from foreign countries that want to help us without offending our dignity as an independent people and that intend to respect Haiti's fundamental laws.

This Bel-Air MOP press release was signed by MOP secretary general (Flael Narchais).

Authorities Apprehend Zenglendo Leader in Arcahaie

FL1109160390 Port-au-Prince Radio Nationale in Creole 1300 GMT 10 Sep 90

[Report by correspondent Marc Leslie Ambroise from Arcahaie]

[Excerpt] William Succes, a former soldier in the Leopards Corps who has been sought for the past few weeks as one of Haiti's Zenglendo leaders, was apprehended by the police in Arcahaie on Friday 7 September. Succes, 26 years old, is from La Gonave. He spent almost all his childhood in the (Labarre) area in Arcahaie commune. He enrolled in the Army in 1986 after the departure of Jean-Claude Duvalier, but he was dismissed from the Army in 1990 during the [April 1989] attempt to overthrow General Avril. [passage omitted]

Trinidad and Tobago

Coup Attempt Causes Major Setback in Economy

FL1109184590 Bridgetown CANA in English 1559 GMT 11 Sep 90

[Text] Port of Spain, Trinidad, Sept 11, CANA—The Trinidad and Tobago economy has suffered a major setback because of the July 27 bloody coup attempt and all economic projections will have to be revised, according to minister of international trade and external affairs, Dr. Sahadeo Basdeo.

"One thing that is very clear is that the Trinidad and Tobago economy has experienced a major setback," said Basdeo.

The EXPRESS newspaper on Tuesday reported Basdeo made these comments when he addressed a regional meeting of the ruling National Alliance for Reconstruction (NAR) in south Trinidad. He said it was much too early to begin to "quantify" the damage or determine the amount of funds it would require to get the economy back to the level at which it was prior to the insurrection by Black Muslims.

"While there remains a number of uncertainties, two things are abundantly clear.

"First, it will take a long time before the country recovers, and, second, it will require a great deal more personal sacrifice than most nationals have demonstrated so far," he told delegates.

Basdeo said the "most regrettable" aspect of the entire sordid episode has been the political squabbling and finger pointing that begun immediately after the rebels released hostages and the attempt by some groups to score political points.

During the July crisis, several business places in Port of Spain were looted and then destroyed by fire. Industry Minister Dr. Bhoe Tewarie said provisional estimates of damage done to business places totalled more than over one billion dollars (one TT dollar = 23.5 U.S. cents).

* Guanajuato 1991 Election Outlook Surveyed

* PAN Strength Observed

90CA0108A Tijuana ZETA in Spanish 6-12 Jul 90 pp 30A-32A, 34A-36A

[Article by Francisco J. Ortiz Franco; for related ZETA reporting on the 1991 elections in Sonora, see the 12 July FBIS LATIN AMERICA DAILY REPORT, pp 10-13]

[Text] This is the third in a series of reports, analyses, and commentaries on the political situation in those states where elections are scheduled for 1990 or 1991 and where, it is believed, the voting could hold surprises.

ZETA has already printed its observations on Sonora and Nuevo Leon and Guanajuato is now the focus. Reporters from this weekly newspaper will travel to San Luis Potosi, Coahuila, the State of Mexico, and Yucatan in the months ahead and until the end of the year to give readers a comparative view of these entities in terms of election events in Baja California.

Leon, Guanajuato—Pre-election politics has reached the boiling point in the historical center of the country.

The PRI (Institutional Revolutionary Party) and PAN (National Action Party) run neck and neck from one state election to the next, although the latter has a slight potential advantage.

In Guanajuato as in Baja California in 1989, the conditions now exist for a victory of the National Action Party candidate in 1991.

Businessmen, priests, authorities, peasants, workers, and politicians, naturally, live in a state of political turmoil. A large share of the population of the 46 municipalities making up the state of Guanajuato have their eyes riveted on the campaign being waged by gubernatorial candidates for the PRI and PAN, the two major political forces in the area.

"Politics for Guanajuato residents is a national sport," ZETA was told by Miguel Barragan Torrella, editorial director of A.M., the most widely-read daily newspaper.

A little more than a year away from the gubernatorial elections, five prominent PRI figures are seeking the nomination to replace Rafael Corrales Ayala.

They are: Ignacio Vazquez Torres, a native of Irapuato and head of the Cuauhtemoc Administrative Divisionion in the Federal District; Ramon Aguirre Velazquez, from San Felipe Torres Mochas and director of the National Lottery; Miguel Montes Garcia, federal deputy from Leon; Jose de Jesus Padilla Padilla, from Leon and a national senator from Guanajuato; and Jorge Garcia Henaine, a general and federal deputy.

There are two strong candidates for the gubernatorial nomination for the National Action Party: Carlos Medina Plascencia, 34, municipal president of Leon, and Vicente Fox Quezada, 47, a federal deputy.

Fox Quezada is already on his second tour of the state seeking support for his aspirations, and Medina Plascencia is hard at work on municipal administration, aware that this will be his major source of political capital if his party does finally nominate him.

For the PRD [Party of the Democratic Revolution], Porfirio Munoz Ledo seems to have the candidacy wrapped up if he succeeds in getting past the legal obstacle of being born outside the state.

For the PDM [Mexican Democratic Party], the name of famous former soccer player Antonio "La Tota" Carbajal is mentioned.

All of these men want in some way to fill the power vacuum left by Governor Rafael Corrales Ayala, expressed, among other things, by constant changes in Cabinet secretaries and the fall of a number of mayors during his 5 years as head of the Executive Branch.

Nevertheless, the latter asked for and obtained a favor from businessmen who, grouped together as the Council of Civic Integration (CIC) and popularly known as "The Notables," took it upon themselves to interview those seeking the candidacy from the PRI and PAN "because they are close to the business mentality." The favor was to suspend their activities so that he might read his fifth and next-to-last government report in September with his mind more at ease.

Of the hopefuls, the PRI members are the ones who, for several months now, have already been waging a full-blown pre-election campaign the likes of which has not been seen for many years. This has resulted in a multiple split in the Institutional Revolutionary Party. There are as many PRI parties as there are candidates for the governorship.

PRI hopefuls know they have to buck the trend. As never before, the conditions now exist for an opposition victory, specifically, of the National Action Party candidate, particularly if Carlos Medina Plascencia or Vicente Fox Quezada is nominated.

National Action Party members still do not know which of the two strongest precandidates is ahead in terms of popularity and possibilities of winning. One part thinks Vicente Fox has the greatest presence throughout the state and others believe that Medina is a better guarantee of victory over the PRI in the 1991 elections.

Those who analyze the political situation in Guanajuato generally agree with PAN estimates: Medina Plascencia and Fox Quezada are neck and neck in terms of a potential victory. If either one enjoys an advantage, they agree it is slight and relative.

Those who think the precandidate with the most possibilities is the federal deputy argue that he is better known throughout the state and that he knows and has worked the field.

Those who hold that the mayor of Leon has greater strength argue that his popularity is undeniable in the metropolitan area of that city and the 120 agricultural communities in the mmunicipality, where a little over a third of the state's election strength is concentrated.

In Guanajuato, the urban population amounts to 47.6 percent, according to the 1980 census, and mainly resides in nine cities. As a result, the weight of the rural population has a heavy impact on election results and this is precisely where Vicente Fox Quezada for the PAN and Ignacio Vazquez Torres have focused their precampaign.

In Leon, the PRI has been soundly defeated in the two most recent elections. In the 1988 federal elections. the PAN won over the PRI by a margin of three to one. In the September 1989 local elections, Carlos Medina Plascencia beat the PRI candidate two to one for the Leon municipal presidency.

The PRI candidates themselves recognize the strength of their possible PAN adversaries.

In recent statements, Senator Jose de Jesus Padilla Padilla praised PAN candidates Medina Plascencia and Fox Quezada.

Concerning the mayor of Leon, he said:

"He is a brilliant Leon native, a man who has kept his pledge. He is an individual with good intentions who is working within his party and does things right."

Of Fox, he said:

"Deputy Fox is a bit more of a braggart, but the prestige he enjoys stems from the fact that he comes from a good family, is decent, honorable, a Leon native of distinction and a federal deputy."

Federal Deputy Miguel Montes Garcia, another of the possible PRI candidates for the governorship of Guanajuato, says the PRI and PAN forces are balanced.

"The PAN has a great historic presence in Leon and if one competes in an election contest, one must accept the possibility of winning or losing."

But it is not only the PRI members who recognize the strength of the potential PAN candidates.

Luis Rodrigo Gonzalez Fuentes, president of the Business Coordinating Council of Leon and a member of the Council of Civic Integration popularly known as "The Notables," spoke to ZETA about the candidates' gubernatorial possibilities:

"With Carlos Medina Plascencia, the PAN has a very good chance."

One difference that will definitely be decisive for the results of the 5 September 1991 elections is that it is more difficult to achieve unity of the PRI precandidates and their groups than of the PAN.

So-called low blows exchanged by PRI officials are common and the different groups work openly on behalf of their respective precandidates, beginning with Governor Rafael Corrales Ayala, who has not concealed his preference for Ramon Aguirre Velazquez.

One of the victims of the low blows between PRI hopefuls was precisely Senator Padilla Padilla.

He was recently implicated by officials of the Guanajuato Office of Secretary of Finance and Public Credit in a bribery scheme totaling millions aimed at persuading auditors in that office to conceal tax evasion on the part of a company for which the lawmaker serves as an adviser.

Newsmen, politicians, and a large part of the politicized Guanajuato population think the scandal is enough to put Senator Padilla out of the running despite his public protests. Padilla appears to be more concerned over repercussions it might have on his political aspirations than he is over legal consequences resulting from the fact that the head of the Regional Finance Office directly named him to a district judge as the person who had tried to bribe him.

Another PRI hopeful feeling the blows of his comrades in the fight for the gubernatorial nomination is Ignacio Vazquez Torres.

It is said that to counter his open precampaign begun several months ago, Governor Corrales Ayala orchestrated the "unveiling" of General Jorge Garcia Henaine, federal deputy and cousin of comedian "Capulina."

Guanajuato residents think the military official's precandidacy is pure theatrics and nothing a diversion aimed at preventing Vazquez Torres' movement from gaining in strength.

The fact is that PRI members who do not get along with Vazquez Torres are concerned about the campaign activity of the head of Mexico City's Cuauhtemoc Administrative Division, particularly in the northern region of the district.

Using the most incredible pretexts, Vazquez Torres attends meetings, mainly with peasants.

A few days ago, offering the excuse of a friend's birthday, he attended a breakfast at La Quemada Ranch, situated in the vicinity of the municipalities of Dolores Hidalgo and San Felipe, where some 8,000 sign-carrying peasants had gathered together in support of Vazquez Torres chanting, "Nothing can stop us now!"

Of the PRI hopefuls, he is the most popular, but his intense precampaign causes many to think he is not sure he can win the nomination and therefore is bringing a great deal of pressure to bear, in the manner of former Governor Juan Jose Torres Landa.

Ramon Aguirre Velazquez, another aspiring candidate, takes a different tack to promote his cause.

With the backing of Governor Corrales Ayala, he has placed his people at the top of the state PRI and in key municipalities such as Leon. At the same time, he dresses up his image with donations from the National Lottery to schools, asylums, and the Red Cross. This is the highly singular style of Aguirre, considered the "folk" candidate of the PRI. He did the same thing as head of the Federal District Department (DDF). On several occasions, DDF machinery was observed in use on public works in his native region of San Felipe.

The most discreet precandidate to date is Federal Deputy Miguel Montes Garcia.

Contrary to his PRI comrades pitted against him for the nomination, he engages in no precampaign and never openly mentions that he wants to be the candidate for governor of the state.

He engages in the traditional rhetoric of PRI candidates when questioned about his aspirations. Interviewed by A.M., he replied:

"I am not ruling out any possibility but I will say that if my party determines, when the time comes—which it has not—that another Guanajuato native is to be its candidate, I will be neither bitter nor frustrated because we humans have very different paths to personal fulfillment."

Deputy Miguel Montes Garcia is the only PRI hopeful—not yet "burned"—living in the state he wants to govern, an advantage he enjoys over his fellow party members.

For some veteran observers of the Guanajuato political scene, one cannot rule out the possibility that the president of the republic and the Institutional Revolutionary Party will decide to counter the growing strength of the National Action Party, by nominating a "PRI-Panist" or a "PAN-Priist," as was done in Chihuahua in nominating Fernando Baeza Melendez, a Priist with Panist roots.

If such were the case, the candidate would undoubtedly be businessman Roberto Plascencia Saldana, owner of the Flexi shoe factory and a cousin of the Panist municipal president of Leon, Carlos Medina Plascencia.

Plascencia Saldana won prestige as president of the Board of Civil Administration.

To date, Plascencia Saldana has resisted the PRI's courting, but it is doubtful whether he would resist a personal request from President Carlos Salinas de Gortari to carry the banner for the PRI in the September 1991 elections.

Halfway through his administration as first PAN mayor governing Leon, the largest municipality of Guanajuato, an entity of over 3.5 million inhabitants, Carlos Medina Plascencia was interviewed by ZETA concerning the political situation in the state and the possibility of being the PAN candidate to succeed Governor Rafael Corrales Ayala.

[ZETA] You are constantly mentioned as one of the potential PAN candidates in the gubernatorial elections. Have you thought about accepting?

[Medina Plascencia] Well, I have talked about it, not at such length as when we talked about the municipal presidency with my family, and this reminds me of something "Maquio" said when he was president of COPARMEX [Employers Confederation of the Mexican Republic], to the effect that whenever we are involved in some organization, whether business, labor, or political, when it comes our turn, we cannot say no. If we are involved, it is because we believe in what we are doing, we believe in the purpose we are serving, so that if, after the situations are analyzed when it does come time to analyze them, if, at that time, they should decide or come to decide that I could make a greater contribution to our citizens, then I would not refuse to participate.

[ZETA] What conditions or requirements must exist in order for you to agree to be the candidate?

[Medina Plascencia] Well, I would not set any conditions or requirements. I would like to explain this a little further. What I mean is that in order to do a job such as that required in state government, in order to change everything, elect a new local congress, think about city councils, candidates for mayoralties, in the very City Council of Leon, a whole series of situations of this type, everything must be analyzed within its context. First of all, and this is obvious, in terms of the party through which I participate in all of this and to which I belong, in order for it to obtain the best results, based on what is best for the city, then I would participate. If, after analyzing all of this, the party determines that that is what would be best for the community, then I would participate. But I am not going to ask for certain conditions or requirements. No one is in a position to set conditions; we must contribute what we can.

[ZETA] How do you view your party's possibilities, either with you as the candidate or someone else?

[Medina Plascencia] A lot depends on what we do in Leon. We have a third of the state's population. If we succeed in winning over the people, if we manage to get the citizens to participate, then we have a very great possibility of winning the governor's office.

[ZETA] And what about the possibility that the PAN victory will be recognized?

[Medina Plascencia] I think it depends on the way in which we—I am referring to the party—how we get the citizens involved. If the people are not involved, it cannot be done. Here I would like to say that there has been a change federally throughout the country in terms of economic measures, but in terms of political measures, based on what I observe and based on what is now happening throughout the country, we are at a standstill. That is why I would like to say to you, in connection with the matter of the possibility of such recognition, I believe we are still in the same situation, perhaps a bit worse

than in 1988, and I would say that the effort needed in order for the victory to be recognized is very great and it is essential to get the people to participate.

Guanajuato businessmen, like most of their fellow countrymen, are not indifferent to the political turmoil in the region only a little over a year from elections.

Organized in the Council of Civic Integration and nicknamed "The Notables," Leon businessmen have summoned PRI and PAN hopefuls to come to private meetings to speak to them about their plans so they may rate them.

Gabriel de Nora del Mistro, president of the local CANACINTRA [National Association of the Processing Industry], told ZETA that Guanajuato is now going through great political turmoil as a result of the coming elections.

"We have municipalities of practically every hue and I think that is a positive thing. I think that, historically speaking, Guanajuato has been very active and participated a great deal, and this type of situation will cause the people to participate more because we are facing a problem that will affect society, one that I think will demand solutions. One of the ways to do so is to participate politically.

Concerning the impact on businessmen if Leon is governed by a Panist, De Nora said:

"I do not think the fact that there is in the municipality right now a person from a party that was in the opposition or a national minority party has any effect on us. We do not feel there has been any drastic change. There has not been any effect, as claimed, that would limit resources. I think work has been done. I believe the municipality has made a very great effort to understand the city's problems and has tried to solve them. Needs are very great and sometimes means are limited, but we are aware of the great effort being made to maintain the city with the fast rate of growth it is experiencing and, above all, maintain peace and tranquillity so people can live."

Concerning meetings called by the Council of Civic Integration with state gubernatorial candidates, the CANACINTRA president said:

"They are open to participation and we have invited persons with gubernatorial aspirations, but we are doing so with those in sympathy with our business interests. We have invited people from the PAN and PRI and the idea is to talk with them in order to learn the possibilities. We have not invited candidates of other parties who oppose our way of thinking."

"And so far, what is your opinion of the candidates?"

"Well, the truth, in fact, is that we have had only a couple interviews. I understand the meetings were suspended because it was so requested, even, I think, by the state government and higher authorities. The precandidates themselves have somewhat cut down on their precandidacy activities."

De Nora del Mistro thought it important that, in addition to being natives, the persons finally nominated as candidates for the governorship of Guanajuato be residents and managers rather than politicians.

"What we need is a good administrator and I think the political aspect has to be relegated to a secondary level."

In an interview with ZETA, Luis Rodrigo Gonzalez Fuentes, president of the Business Coordinating Council of Leon, agreed that political activity in Guanajuato is "fundamentally divided by the Institutional Revolutionary Party, on the one hand, and the National Action Party, on the other."

He said the PRD is not yet a significant or representative force, although "we do know it is making progress, particularly in the southern part of the state. There is has some activity, but not as much as the other parties mentioned. In general terms, the strong parties are the PRI and PAN. You know that here in Leon we have a Panist government. In some other municipalities such as San Francisco del Rincon, the government was also Panist in the past, and I can tell you in general terms that there is substantial political activity in the state, a political election fight that has not let up. We can say in general—although they do not want to admit it, even if their action reveals the contrary—that both of the parties have continued to engage in election activity."

Gonzalez Fuentes added that this has "somewhat awakened the sleeping PRI. I am logically referring to the PAN victory in Leon and PAN activity in cities such as Celaya. It caused the PRI to react in Leon, but the PRI in Leon right now is divided and little work is being done in terms of political activity. The PAN is working a bit harder, but it is also a divided party. It is divided on the national level. Both are quarreling."

The president of the Business Coordinating Council said there are "political expectations right now in the state of Guanajuato as the change in state government approaches. Very soon, candidates from both parties will begin to get busy. There is more talk of the possible precandidates of the Institutional Revolutionary Party. They are speaking in general terms about four or five persons there representing the National Action Party. Here in Leon, we are talking about two possible candidates, although a number of persons from Celaya were telling me that they might try to manipulate someone in Celaya."

Concerning the meetings to which businessmen invited possible PRI and PAN candidates, Gonzalez Fuentes said:

"This began with the sole idea, the sole objective, of having an opportunity to get better acquainted with persons whom public opinion had singled out as possible

candidates for the state governorship. Not only knowing them personally, what they are like and what they think, but learning their ideas about politics, hearing their comments about the state's current problems, seeing how well-informed they are about our state and the political, social, and economic atmosphere throughout the country, all this so that businessmen might know the person who wants to govern us."

The Leon businessman evaluated the possibilities of the main political forces in the state:

"I think that right now, they all have the same opportunity. I would say that as far as the National Action Party is concerned, with the work done by Medina, we think he has shown a great determination to get things done and to get them done well. We know him, obviously his ability as a businessmen, his qualities as a man, as a friend, and so on. He is a person motivated to build, to give his best for the community."

These qualities, Gonzalez Fuentes added, help his personal image and that of the National Action Party. "We could say that he has earned a somewhat higher rating because of the work he has done."

But the PRI is also improving its image, the businessman says, due to the "positive work" of President Carlos Salinas de Gortari.

Not even the Catholic Church, by virtue of the conduct of its priests or that of the bishop, who supports noninvolvement in all areas, remains outside the political situation in Guanajuato.

"We have a bishop who is too apathetic, which has even roused discontent in the Church itself. Not long ago, a curious thing happened. A group called Committed Christians complained about the bishop to Cuauhtemoc Cardenas," says newsman Miguel Barragan Torroella.

Eduardo Contreras, parish priest of Saint Pius Church in Leon, Guanajuato, spoke to ZETA about the situation in his church before the gubernatorial elections.

"We are going through the birth of democracy, although it is still in diapers. When democracy is accompanied by a process of awareness, then it becomes very all-involving. Democracy itself begins to clarify situations that were previously accepted even though they were not right..."

The priest added that things are changing in a positive direction in that institution, that the idea that everything is fine and things should remain as they are is changing.

"You can no longer say, 'The rich on this side, the poor on the other, and everything is fine, nothing will change.' The tables are starting to turn. I think we are going through a peaceful revolution for human rights. I think the Mexican people came to understand this with the Pope's visit."

Concerning the political parties' possibilities in the September 1991 gubernatorial elections, Contreras said the important forces are the PAN and PRI and that the former has two great leaders who could be candidates: Carlos Medina Plascencia and Vicente Fox Quezada.

National Action Party members in Guanajuato are sure they will win the elections next year, but they are not very sure the victory will be recognized.

Ricardo Alfredo Ling Altamirano, chairman of the PAN State Board of Directors in Guanajuato, spoke on the topic in the party's offices on the corner of Francisco I. Madero and La Paz.

According to the Panist leader, the power vacuum left by Governor Rafael Corrales Ayala is expressed, among other things, by the constant changes in his Cabinet. "Only a month ago, he replaced his secretary (general) of the Cabinet for the fourth time."

"These changes help the PAN because they are measures that do not sit well with the people. With the latest change in the Cabinet secretary's post, he also made changes in the rectorship of the University of Guanajuato, appointing a man who had been Cabinet secretary and who had no academic background and then naming as Cabinet secretary a person completely lacking in political tact who has gone from failure to failure."

Concerning the ratio of political strength in the institution, the Panist leader said:

"There is one situation that must be brought out. In the federal elections of 1988, it was shown that the PRI is a minority in the State of Guanajuato. Some 54 percent of the votes were won by the opposition, according to official figures."

With time, that ratio has gradually shifted toward the National Action Party, he said, "because of the following phenomena which I would consider very important: First of all, the PRI plunged into an adventure in democracy, calling internal elections in its municipal committees about 10 months ago, but they have not yet finished counting the votes in Celaya, San Miguel Allende, Dolores Hidalgo, and other municipalities, where they themselves did the rigging, stuffed the ballot boxes themselves. The same thing happened in Leon and, as a result, there are three PRI parties: one controlled by the governor, another called the Critical Current, and a democratic faction that did not leave with Cardenas."

With respect to his party's possibilities in the 1991 elections, Ling Altamirano is more than optimistic:

"We think that without any gloating, we are sufficiently well-organized and trained to put up a fight. If the elections are clean, we will win them. If they are not clean, anything can happen."

The challenge for the National Action Party, according to the Panist leader, is that all PAN hopefuls can

compete democratically before and during the convention, where it will be decided which of them will be the candidate.

ZETA also tried to gain an interview with the state president of the PRI, Governor Rafael Corrales Ayala, and the PRI president in Leon, but for reasons beyond the reporter's control, it was not possible.

Political activity in Guanajuato will reach a climax in September, at the time of Corrales Ayala's Fifth Government Report, when the PRI candidate is formally "unveiled."

* Notes on Hopefuls

90CA0108B Tijuana ZETA in Spanish
6-12 Jul 90 p 32A

[Article by Francisco J. Ortiz Franco]

[Text] There is great diversity among those hoping to win the nomination of the different parties for the government of Guanajuato: businessmen, businessmen-politicians, politicians, and so on.

For the PRI, the gubernatorial hopefuls are: Ignacio Vazquez Torres, Ramon Aguirre Velazquez, Jose de Jesus Padilla Padilla, Miguel Montes Garcia, Jorge Garcia Henaine, and possibly businessman Roberto Plascencia Saldana.

Attorney Ignacio Vazquez Torres, a native of Irapuato and now head of Mexico City's Cuauhtemoc Administrative Division, has traveled the state campaigning openly for the PRI candidacy, mainly in rural communities where he has a following due to his leadership of the CNC (National Peasant Confederation). He is considered the most popular of the PRI hopefuls. On 24 June, he attended a breakfast supposedly in honor of a friend's birthday and which was attended by some 8,000 peasants who proclaimed him their candidate.

Ramon Aguirre Velazquez, public accountant, a native of San Felipe Torres Mochas, and former secretary of Planning and Budget in Miguel de la Madrid Hurtado's government, is now director of the National Lottery and has used the post to gain a following in Guanajuato by handing out donations from the institution.

He is the only one to date who has appeared before The Notables of Leon to present his ideas and plans for government.

Miguel Montes Garcia, 52, a native of Leon and federal deputy, gained fame as the man who presided over the Chamber of Deputies when Miguel de la Madrid Hurtado gave his last report as president, an act during which he was interrupted and jeered more than ten times.

So far, he has been the most discreet of the PRI hopefuls and is considered a reliable, intelligent man, but lacking in charisma.

Jose de Jesus Padilla Padilla is a businessman and senator for Guanajuato. He has also openly said he wants to be governor despite the fact that political circles in the state consider him a "spent shell" because of his involvement in a scandal arising out of an attempt to bribe Finance officials to cover up tax evasion by a firm for which he serves as adviser.

Jorge Garcia Henaine, a native of Acambaro, brigadier general, and federal deputy, is the counterpart to Vazquez Torres in terms of the type of campaigning in which they engage. He is not taken very seriously and it is thought that he merely wants to attract attention to himself.

There are two clear precandidates for the National Action Party: Carlos Medina Plascencia and Vicente Fox Quezada.

Medina Plascencia, 34, chemical engineer, businessman, and municipal president of Leon, the largest municipality in the state, generally has the support of the people of Leon but less in other municipalities.

His supporters and even some ideological adversaries think he has performed well during his administration.

His critics say he has not been able to avoid the "pharaonic syndrome" afflicting nearly all government officials, causing them to carry out projects that dig holes instead of taking care of the municipality's priorities.

Vicente Fox Quezada, a native of Leon, federal deputy, and businessman, believes himself the heir to Manuel J. Clouthier and acts accordingly. He is an aggressive, direct politician. It is said that he has already embarked on the second phase of his campaign to obtain the Panist candidacy for the governorship. Fox has capitalized on the natural discontent of small farmers and merchants over the Miscellaneous Tax Matters Legislation, exposing harsh criticism and holding numerous conferences on the topic.

Porfirio Munoz Ledo is seeking the precandidacy for the Party of the Democratic Revolution (PRD). He has appeared in Leon to confirm his desires and affirm that he fulfills the constitutional requirements to be a gubernatorial candidate although he is not a native. To that effect, he argues that before the 1984 reform of the local constitution, one could be a candidate if one's parents were natives and that the reform does not apply to him because it came after he was born.

For the Mexican Democratic Party (PDM), the name of famous former soccer player Antonio "La Tota" Carbajal is mentioned, but he has apparently not taken it very seriously.

Costa Rica

Government Calls Iraqi Free Oil Offer 'Horrible'

PA1209025990 Paris AFP in Spanish 2104 GMT 11 Sep 90

[Text] San Jose, 11 Sep (AFP)—Costa Rica flatly and firmly rejected Iraq's offer to supply free oil to Third World countries and called Iraqi President Saddan Husayn's offer "cynical." Costa Rican Foreign Minister Bernd Niehaus held a news conference with foreign correspondents on 10 September. Niehaus said that Husayn's offer "was horrible and cynical," adding that it was an attempt to get the developing world to support the invasion of Kuwait. The Costa Rican diplomat said that President Rafael Angel Calderon's government would not even listen to Iraq's offer to give oil to poor countries. He added that the government would maintain this position, even though Costa Rica has serious economic difficulties in financing its crude oil imports.

Niehaus noted that Central American countries cannot withstand the oil crisis caused by the invasion of Kuwait. He added that he trusted that regional petroleum providers, mainly Mexico and Venezuela, would have an understanding attitude if the Persian Gulf conflict continued. Niehaus also said that Calderon's government, which was installed in May, wants to reactivate and strengthen its ties with the Arab world. He acknowledged, however, that the opening of a Costa Rican Embassy in Jerusalem in 1982 has hindered advances in this direction. The foreign minister said there were no possibilities of moving the Costa Rican Embassy to Tel Aviv as the Arab countries have demanded. This, he said, could be interpreted as an "unfriendly action" by the Israeli Government with which Costa Rica maintains excellent relations.

Energy Official Discusses Fuel Price Increase

PA1209022990 San Jose Radio Reloj in Spanish 0100 GMT 7 Sep 90

[Text] National Energy Service Director Francisco Cordoba has said that the new 17.7-percent increase in fuel prices will become effective on the day it is published in the official gazette. He also reported that before this happens, the price increase must be approved at a regular board of directors meeting at the National Energy Service to be held on 11 September. After this has occurred, the approval of the increase will be published in the official gazette.

Francisco Cordoba also said that the the National Energy Service's board of directors has agreed to modify the executive decree regulating the increase in the prices of fuel. The government official said this modification is based on the fact that the decree must conform to what the National Energy Service had approved in the first place—that is, the variables affecting the fuel price increase must be such that the adjustments made by the National Energy Service are in line with the expenses to be incurred by the Costa Rican Oil Refinery.

Because of the 17.7-percent increase in fuel prices, regular gasoline will cost 6.50 colones more, increasing from 34.50 to 41 colones. Super gasoline will cost 6.80 colones more, increasing from 36.40 to 43.20 colones.

Meanwhile, the price of a liter of diesel will increase by 5.20 colones, going from 27 to 32.20 colones. The price of bunker oil will increase by 2.50 colones, going from 13.40 colones to 15.90 colones per liter. Other petroleum by-products that will see an increase in price are kerosene, asphalt, heavy diesel, emulsion, home gas, jet-A1, and heavy and light naphtha.

* Calderon's First 100 Days Reviewed

90CA0106A San Jose RUMBO in Spanish 14 Aug 90 pp 8-9

[Eduardo Amador H. article]

[Text] One hundred days is not a very long time on which to base an analysis of the work of a government, but it is sufficient to indicate the course it will follow in directing the fate of the country during the remaining 1,360 days..

What is the keynote, the style, of this administration? How might it conduct itself in the future, and where are we headed? These are the questions which arise as this symbolic period comes to an end on 14 August.

Calderon chose a very heterogeneous group of collaborators. There are liberals and "neopaternalists" in the cabinet. And as a result, contradictions were not long in developing.

There are two clearly defined groups seeking to impose their views—the economic group and the social group. In the middle we have President Calderon, who is trying to reconcile the opposing interests. He sometimes becomes involved in contradictions, however, because of the promises he makes to the various social sectors.

The economic group includes Minister of Finance Thelmo Vargas and the executive president of the Central Bank, Jorge Guardia. Both have very great power, because they are responsible for the implementation of the economic policy, and in this connection, they have the support of the international financial bodies.

Both are regarded as having limited knowledge of the political reality. This is even the opinion of some deputies in the social Christian parliamentary faction, who are seeking to make the proposed tax adjustment the two officials are sponsoring, less burdensome for the sectors with limited resources.

These officials are promoting the transfer of many of the public services provided by the state to the private sector. This idea is rejected by First Vice President

German Serrano, who recently declared his intention of flatly opposing his comrades' proposals during a lecture at the National University.

Serrano heads the social sector, and he has the support of some cabinet members, including Minister of National Planning Helio Fallas, Minister of Labor Erick Thompson, Minister of Agriculture and Livestock Juan Rafael Lizano, Minister of State Reorganization Johnny Meono, and Minister of Justice Elizabeth Odio.

The most notable victory won by this group has to do with the wage increase for both the public and the private sectors. It is believed that they are working against economies in businesses and public finances at a time when the need to reduce public expenditure is being urged, with a view to negotiating an agreement with the International Monetary Fund (IMF).

It is President Calderon himself who is faced with these two opposing theses, and he makes his plans and promises consistent with the group with which he is speaking.

If he finds himself in a neglected sector, he offers a solution to its problems with gifts of housing and food bonuses. If he is talking with livestock and crop raisers, he promises to lower the interest rates on bank loans next year. If he finds himself with his economic group, he promotes negotiations with the international financial bodies, in contradiction with the proposals he made to the groups with the most limited resources.

The prevailing view among observers of the government reality is that because of his propensity for negotiation, Calderon likes to navigate between these two bodies of water. However, voices raised in protest have been heard even within the political leadership group in Social Christian Unity.

Within small groups, but not officially, changes in the cabinet have been demanded, and it is being said that no one knows in what direction the government is moving. There is no great program which would allow one to say that we are proceeding toward a certain goal, or if there is, then the failing is to be found in the policy of information.

In the opposition and among businessmen and the trade unions, it is being said that the government leaders lack experience, and that the chief of state is acting more like a campaigning politician, with lavish promises, than like a statesman.

These opinions may possibly be the result of the way in which the government has dealt with the problem of the fiscal deficit.

First of all, assurance was given that the deficit came to 22 billion colones. Then the figure was reported as 30 billion, and finally it was indicated, when the tax adjustment proposal was put forth, that the total was 38 billion.

The belief is that the mismanagement of these figures and the proposal of what is regarded as a "shock" treatment in an effort to resolve the problem has led to a situation of general uncertainty.

This lack of experience and expertise is also reflected in statements made by the executive president of the Central Bank, Jorge Guardia, who, while announcing an increase for fuel, emphasized that the same thing might possibly happen again at the beginning of next year.

No one doubts that this measure might be necessary, but tactically, it is ill-advised to announce this information in advance.

These facts have provoked fear of a recession, because no one really knows what the rules of the game are.

It cannot be said that the relationship between the executive branch and the legislative assembly is a bad one. The proof is that many proposals urgently requested by the government have been approved. Calderon has said thus far, the opposition has shown a constructive attitude.

But the instructions depriving Minister of the Presidency, Rodolfo Mendez, of control over these relations, and entrusting them to Rolando Lacle, head of the social Christian faction, has indeed created some internal problems.

Traditionally, the handling of these relations has fallen to this ministry, but this administration changed the method and entrusted this responsibility to Lacle, a man who enjoys the president's most absolute confidence.

On the other hand, friction between the government deputies and the ministers has been constant. There have been complaints that a number of members of the cabinet are unwilling to meet with the legislators.

There was also a serious clash between Minister of Agriculture, Juan Rafael Lizano, and Deputy Miguel Angel Rodriguez. Through the intermediary action of the chief executive, it was possible to resolve it, although its future consequences may be hard to foresee. The disagreement resulted from statements Lizano made which were critical of the meat packers, players in one of the sectors in which Rodriguez is involved.

Obviously, there has also been a profound change in the way foreign relations are conducted. Possibly this constitutes no surprise, because both the president and his foreign minister, Bernd Niehaus, stated before they took office last 8 May that they would pursue a different policy in this sector.

The current policy is a more passive one. In his inaugural address, the chief executive announced an international policy concerned with ecology. However, observers believe that to date, no clear program has been forthcoming in this connection.

There can be no doubt that there is a closer rapprochement with the United States, since the strategy is not one of "shock," like that of the preceding government, especially with regard to the Reagan administration.

Our country could derive great advantage from the excellent relationship Niehaus has with the government of Germany, a country which could soon become the leading world power.

* Nation's Precarious Financial Situation Noted

90CA0106B San Jose LA NACION in Spanish
24 Jul 90 p 14A

[Unattributed editorial]

[Text] If any additional proof were needed to demonstrate the precarious fiscal situation in which the country finds itself, it has now been provided. On Friday of last week, both the executive president of the issuing institution, Jorge Guardia, and Minister of Finance, Thelmo Vargas, acknowledged that two weeks earlier, the Central Bank had had to issue treasury bills worth 1.5 billion colones in order to meet a series of urgent governmental financial obligations, the main one being payment of salaries for government employees.

The treasury bills constitute a typical mechanism of inorganic emission, representing loans which the Central Bank makes to the government from its coffers. They represent an influx of currency in circulation not supported by the financial flow in the country, and having well-known inflationary consequences. Therefore this mechanism is used as a last resort. Limits are imposed by law on the quantity which can be issued (no more than one-twelfth of the national budget for this year), and there is a required period of time in which the government must redeem the bills (a maximum of 90 days). In this instance, the Central Bank order provided that the financing be in one single payment, with a period of 30 days for reimbursement. In this fashion, the inflationary effects are drastically reduced, and the national treasury is forced to seek resources with some backing in order to repay the funds.

This action, added to statements made by Guardia, who expressed concern about the need for recourse to this mechanism, indicates that this institution has acted sensibly, and, given the circumstances, has chosen the lesser evil. However, neither this nor the issuing of bills undertaken by the government to obtain resources from those with savings and from investors can eliminate the real evil, which remains to be resolved—the fiscal imbalance. This is where the great challenge lies for the executive branch, the legislative assembly, political parties, businessmen, and the labor sectors—leading protagonists in the economic equation.

The process of reviews to which the tax package is being submitted in the legislative assembly (we expressed a series of reservations in our 2 June editorial) should be completed speedily and responsibly, with the knowledge that it is necessary to increase income at the lowest possible cost to production. And such action in the realm of taxes and tariffs will only make sense if the government embarks upon a veritable program to reduce expenditures. On this specific point, the executive branch has the authority to take the initiative to make cutbacks. It must also avoid creating false expectations as to improvements in the standard of living. It is necessary to be careful with regard to wages, in the way some campaign promises are fulfilled, and in facing up firmly to the challenges and demands which various interest groups will inevitably put forth. Of these groups, the businessmen and trade unions are the most important economically. In their generally adverse reactions to the package of tax reforms, there are many genuine concerns which the authorities must take into account. However, this does not mean they are right in every respect, much less that the government should yield to pressures which go beyond the normal bounds of democratic discussion. In this respect, there is concern, as we said in our editorial yesterday, about the escalation of trade-union pressure which is to culminate in a work stoppage at various institutions today. Nor has the inflamed rhetoric of the representatives of some producer group ceased to be a cause of concern.

If the serious problems in public finance are compounded by a situation of uneasiness, the consequences could be much more negative than those logically resulting from a fiscal situation such as the one the country is now experiencing. The degree of seriousness, made evident by the urgent need to issue treasury bills, should not be concealed. That action is necessary as well as obvious, but should be aimed at the core of the problem, which is expenditure, though in the short run, inevitably, strengthening is needed on the income front.

Given this great challenge, everyone must act responsibly.

* 14.45 Percent Inflation in July

90CA0106C San Jose LA NACION in Spanish
7 Aug 90 p 5A

[Yanancy Noguera article]

[Text] The cumulative inflation rate reached 14.45 percent in July, representing an increase of 2.61 percent in the consumer price index during that month.

The increase over the rate of inflation in June, which was 11.84 percent, is attributed to the variations of 1.19 percent in the miscellaneous category, 1.06 percent for food, and 0.32 and 0.04 percent for housing and clothing, respectively.

Price increases mainly affected bread, bus fares, cigarettes, electricity, medical consultations, sugar, periodicals, liquor, and some foodstuffs, including black beans, chayote, onions, carrots, and oranges.

Wholesale Index

The wholesale price index obtained monthly from the Central Bank showed a decline from the figure for June.

While the June inflation rate was 2.65 percent, the one for July was 1.99 percent, yielding a cumulative rate for this year of 9.43 percent.

Alvaro Trejos, who is a member of the board of directors of the Central Bank, explained that this decline suggests that inflation will come to less than 20 percent by the end of the year (for the wholesale price index).

Trejos said that this indicates that the measures restricting liquidity are having some effect in containing inflation.

The greatest increases in this index were for fuels, electrical and water rates, and construction materials.

The difference between the two indices resides in the fact that there are four categories of consumer prices—food, housing, clothing, and miscellaneous—subject to variations for very specific reasons, the official explained.

The wholesale index includes nine categories. Price changes occur here first, and are later reflected in the consumer price index.

* Record 1990-91 Coffee Harvest Forecast

90CA0106E San Jose LA NACION in Spanish
2 Aug 90 p 5A

[Marvin Barquero S. article]

[Text] The 1990-1991 national coffee harvest for will be the largest in history, reaching a total of 3.79 million fanegas [one fanega = 1.6 bushels], according to estimates released yesterday by the Ministry of Agriculture and Livestock (MAG).

The head of the ministry, Juan Rafael Lizano, attributed the increase in the production volume to the high level of technology being used in the country, the excellent climatic conditions which have prevailed thus far, and the fact of harvesting in new areas for the first time.

The highest coffee production figure achieved in the country previously was that for the 1988-1989 season, when the quantity of beans obtained came to 3,550,235 fanegas (corresponding to an equal number of sacks of green or pulped coffee weighing 46 kilograms each).

According to Minister Lizano, production expectations are excellent, despite the possibility that some coffee growers may not have taken adequate care of their plantings pursuant to the decline in the international price of the beans.

With the announcement of a freeze in Brazil the day before yesterday, there was a sharp increase in coffee prices on the New York Stock Exchange, but Costa Rican experts reacted cautiously, since this phenomenon might be short-lived.

Prices tended to normalize yesterday, after Brazil had announced that thus far, the freezing weather has had no determinative effect on production.

Minister Lizano also spoke about the special credit total of two billion colones granted to producers in this sector. It is expected that to ensure that the grain achieves the necessary bulk, proper fertilizing methods will be financed.

This special ministerial credit, he said, will probably be available between 10 and 15 August. The credit allocations will be provided to cooperatives and coffee-growers organizations, which will in turn distribute the sums among the affiliated producers.

To date, the head of the MAG explained, the interest rate has not been established, but it has been learned that the loans will be granted for four years, with a two year grace period.

This new credit aid, Lizano explained, makes it possible to maintain present harvest expectations. In this connection, efforts will be launched immediately to ensure adequate manpower for the harvest.

* Indians Seek Social Justice, Human Rights

90CA0106D San Jose LA REPUBLICA in Spanish
28 Jul 90 p 9A

[Basilio Quesda Chanto article]

[Text] Shiroles, Baja Talamanca—Representatives of the development associations, communal leaders, Awapa (Sukias) spiritual guides, and representatives of various native communities in Alta and Baja Talamanca have issued a cry for help in this community. It is a product of the protest by 22,000 Costa Rican Indians who feel they are suffering from "the darkest kind of social exclusion and the greatest economic crisis" in their history.

In a meeting they had with Minister of Government, Luis Fishman, the Indians clearly and precisely reiterated the demands put forward earlier by the Voice of the Indian Association (Sejekto-sejto), the Talamanca Awa Council, the National Indian Affairs Commission, and the Cachabri Awapa group, which launched an experiment, coordinated by Leyla Garro, to interrelate the traditional native medicine men and Western medicine which predominates in the country.

In Shiroles, three kilometers west of Suretka, the Indians talked with Minister Fishman, the director of the DINADECO [National Directorate of Community Development], Jeremias Vargas, the ministerial adviser, Hernan Tasies, the operations director of the DINADECO, Mario Ramirez, the director for the Atlantic Region at

that institution, Professor Leda Villa, and the director general for the Rural Assistant Guard, Colonel Carlos Poveda.

Indians from Amubri, Suretka, Shiroles, Gavilan Canta, Cachabri, Coroma, Katsi, Bratsi, and Sepeque urged Minister Fishman to intervene with the government so that many of the serious problems from which they suffer can be resolved without delay. The most dramatic examples recounted to this official by the Indians are as follows: 1) They are being impoverished by middlemen, and they do not have a storage center. 2) The vast majority do not have identity papers, and therefore "do not exist" in a legal or civil sense. 3) Many of the Indians have no social security. 4) The schools are in the worst possible condition, and the roads are impassable. 5) The Indians encounter difficulties in marketing their products. 6) They have no access to credit. 7) The Talamanca Valley region is a disaster area in terms of health and medical aid. 8) Despite the legal establishment of reservations, the invasion and plundering of the natives' land continues to increase. 9) Woodcutters and squatters have speeded up deforestation in Cocles and other sectors, thereby posing a threat to the flora and fauna on which the Indians depend for survival. 10) There have been concrete instances of verbal violence on the part of the "invaders" who are not Indians, and death threats against the natives. 11) The reservations in the mountains have been invaded by citizens and foreigners who are raising and dealing in drug crops and leading the Indians to participate in this reprehensible business. 12) People affiliated with various political parties are maneuvering in an effort to do away with the law establishing the reservations, or to reduce their area. 13) Some human rights are being violated in the native territory. 14) There is a lack of assistance with and education about the legal rights of the Indians. 15) There is a need to respect their traditions and the foundations of their ancestral culture. 16) The educational system in the country should respect education in the Bribri or Cabekar languages, or those of other native zones, rather than attempting to impose a language or customs different from their own on the Indians, and forcing them to abandon their ethnic roots.

Minister of Government, Luis Fishman, promised the Indians intensive and continuing personal action on his part to achieve the necessary correction of errors within the state apparatus: intensive action on the part of the DINADECO designed to contribute to development, a study with a view to legal reforms of factors harmful to the rights of the Indians, a remedy for the serious problem regarding a lack of identity cards, and a national coordinated effort to eliminate the exclusion of Indians and their anguishing status as "second-class citizens."

El Salvador

Armed Forces Announce Military Leadership Changes

PA1109184290 San Salvador Canal Doce Television in Spanish 0300 GMT 11 Sep 90

[Text] The Armed Forces today announced a total of 12 [as heard] important changes within its military institution. Among the changes, those in the 5th and 6th Infantry Brigade, the Artillery Brigade, and the specialized Bracamonte and Atonal Battalions stand out. According to a military report, Colonel Carlos Rolando Herrarte was appointed commander of the 5th Infantry Brigade in San Vicente; he replaced Colonel Jose Emilio Chavez, who will receive a foreign service appointment. Colonel Julio Cesar Grijalva was appointed commander of the 6th Infantry Brigade in Usulutan; he replaced Colonel Heriberto Hernandez, who will also receive a foreign service appointment.

Lieutenant Colonel Leopoldo Herrera Amaya was appointed commander of the Bracamonte Battalion, headquartered at the Comalapa Airport, and Colonel Nicolas Hernandez Quintanilla was appointed commander of the Atonal Battalion, headquartered in Usulutan Department. Following are the other changes: Colonel Luis Francisco Humberto Salinas was appointed commander of military detachment No. 1 in Chalatenango; Colonel Mariano Turcios was appointed commander of military detachment No. 2 in Sensuntepeque; Colonel Jose Mario Godinez Carrillo was appointed commander of detachment No. 3 in La Union; Colonel Jorge Antonio Medrano was appointed commander of military detachment No. 6 in Sonsonate; and Colonel Rigoberto Soto Martinez was appointed commander of detachment No. 7 in Ahuachapan.

Additional Changes Announced

PA1209044390 San Salvador LA PRENSA GRAFICA in Spanish 11 Sep 90 p 60

[Text] The Armed Forces Command Staff announced important changes within the Army and other security corps on 10 September. The following is a complete list of changes:

Colonel Carlos Andres Araujo Aguirre was appointed director of Armed Forces Study Center.

Lieutenant Colonel Luis Francisco Humberto Salinas was appointed commander of Military Detachment No. 1 and commander of Fourth Region's second sector in Chalatenango.

Lt. Col. Leopoldo Antonio Herrera Amaya was appointed commander of "General Eusebio Bracamonte" Rapid Deployment Infantry Battalion in Comalapa.

Col. Oscar Roberto Lara Aguilar was appointed civic action chief of the Armed Forces Command Staff.

Lt. Col. Nelson Ivan Zaldana Araujo was appointed director of the Armed Forces Command Staff's National Intelligence School.

Col. Roberto Pineda Guerra was appointed general director of Treasury Police.

Col. Rigoberto Soto Martinez was appointed commander of Military Detachment No. 7, department commander, and commander of Third Sector in second region in Ahuachapan.

Col. Carlos Chavez Melendez was appointed deputy director of National Guard and chief of staff of the National Guard.

Col. Julio Cesar Grijalva was appointed commander of Sixth Military Zone and commander of Sixth Infantry Brigader, department commander, and commander of sixth region in Usulutan.

Col. Ivan Reynaldo Diaz was appointed commander of "Lt. Col. Oscar Osorio" Artillery Brigade in San Juan Opico, La Libertad Department.

Col. Juan Armando Rodriguez Mendoza was appointed general director of National Firemen's Corps.

Col. Jorge Antonio Medrano Villeda was appointed commander of Military Detachment No. 6, department commander, and commander of Second Sector in the second region in Sonsonate.

Col. Carlos Alfredo Rivas was transferred to the Armed Forces Command Staff and appointed military attache to Ecuador.

Col. Luis Merino Turcios Chevez was appointed commander of Military Detachment No. 2, department commander, and commander of Second Sector in the fifth region in Cabanas.

Col. Carlos Rolando Herrarte was appointed commander of Fifth Infantry Brigade, department commander, and commander of fifth region in San Vicente.

Lt. Col. Nicolas Hernandez Quintanilla was appointed commander of "Atonal" Rapid Deployment Infantry Battalion in Usulutan.

Col. Hector Heriberto Hernandez was transferred to the Armed Forces Command Staff and appointed military attache to Nicaragua.

Col. Jose Emilio Chavez Caceres was transferred to the Armed Forces Command Staff and appointed assistant delegate at the Permanent Commission of the Central American Defense Council in Guatemala.

Col. Lizandro Zepeda Velasco was appointed aide to the secretariat of state defense and to the Public Security Ministry.

Col. Santiago Jose Rodolfo Avendano was appointed director of Public Security Academy.

Col. Jose Mario Godinez Castillo was appointed commander of Military Detachment No. 3, department commander, and commander of Second Sector in third region in La Union.

Lt. Col. Juan Emilio Velasco Alfaro was appointed chief of II "Intelligence" Unit of Armed Forces Command Staff.

Minister Ponce Sends Letter to Newspaper Director

PA1109164090 San Salvador LA PRENSA GRAFICA in Spanish 8 Sep 90 p 25

[Letter sent to LA PRENSA GRAFICA Director Rodolfo Dutriz by Defense Minister Rene Emilio Ponce in San Salvador on 5 September]

[Text] San Salvador, 5 September 1990

Mr. Rodolfo Dutriz, director of LA PRENSA GRAFICA, in your office

Mr. Director:

This is to thank you for your kind words as expressed in today's editorial. In addition to referring honorably to me, the editorial clearly states your concern, and that of the enterprise you skillfully manage, for the country's problems.

Just as you said, the Defense Ministry has a tremendous responsibility. I am sure, however, that with the patriotic support of the various Salvadoran sectors that reject armed violence and view democracy as the most suitable mechanism to end violence, I will be able to accomplish the mission assigned to me.

I share your opinion that we are now in the final phase of the war and that all the citizens are very interested in the outcome of the talks taking place between the government and the FMLN [Farabundo Marti National Liberation Front]. The Armed Forces completely and absolutely back the efforts being made in this regard by the president.

My strongest wish at this moment is the attainment of peace and the recovery of our economy. Our economy has been hurting for ten years because of the systematic destruction it has suffered at the hands of terrorist groups, many of which have not yet realized that the world is changing and that violence is no longer an acceptable political tool. Unfortunately, the Salvadoran people have had to pay a very high price because of the mistaken path taken by those who prefer arms to votes and who disregard democracy.

The Armed Forces and the Defense Ministry are committed to securing higher levels of professionalism among their members so that they are in tune with the times and, basically, with the democratization process whose keystones are the promotion of, and respect for, human rights. We are sure that this is the right road. We are not going to give up because, as you say, history is giving those of us who believe in democratic liberties an opportunity that cannot and must not be wasted.

Allow me to tell you that I totally agree with restructuring the Armed Forces, as well as with a self-purge in that institution because this is in line with its search for perfection.

I would also like to take advantage of your newspaper to tell the Salvadoran people and the international community that we are prepared to help the judicial branch, so that all cases go to trial as soon as possible and so that all violations of our laws are punished.

Before concluding, Mr. Director, I want to tell you that I also agree that the forthcoming peace period will be difficult and complex, but we trust in God and in our people, who have so bravely struggled for peace. We will know how to face that historic challenge.

To conclude, I would like to publicly acknowledge the tremendous importance of informative journalism that is characteristic of LA PRENSA GRAFICA. I also want to congratulate you on the careful but also brave way in which you have treated the country's most important problems, with an attitude that has allowed you to occupy the place you deservingly have in Salvadoran society.

Respectfully yours,

Colonel Rene Emilio Ponce, minister of defense and public security.

Nicaragua

Sandinists Say 'Social Upheaval' Possible

PA1209014390 Managua BARRICADA in Spanish 9 Sep 90 pp 1, 4, 5

[Text] Members of the Sandinist National Liberation Front [FSLN] spoke yesterday with various sectors regarding the national concerted effort and warned about the danger of social upheaval if the country's grave economic crisis is not resolved.

Commander Bayardo Arce said that if this grave crisis is not resolved, there could be social upheaval in October.

Commander Bayardo Arce met with artists at the Sandino Memorial Building and Commander Henry Ruiz met in the Sandinist Central Organization of Workers' [CST] building with representatives of the National Union of Employees, the Federation of Health Workers, and the National Association of Nicaraguan Teachers.

The talks with these sectors will continue today with a meeting at the CST building with CST union representatives.

Both Sandinist leaders said that their meetings are not aimed at reaching "agreements at the top," but rather at promoting the participation of all social sectors in the search for a concerted effort. Arce and Ruiz noted that social stability "will not be produced by eliminating the successes of the workers" who will be, after all, the guarantors of the agreements.

At the Sandino Memorial, Commander Arce told a group of artists and professional people that "if the country's crisis is not held in check, there will be social upheaval in October."

He said that concerted efforts must become "a tool for strengthening peace and participatory democracy in the country," discarding the idea of a concerted effort "at the highest level" only.

"The people," Arce said, "must participate in this search, which must be done publicly, and which also must be an economic, political, and social process concerned with more than just prices and salaries. It should involve a grand dialogue with the active participation of the factory workers, people in the countryside, and the common people so that their representatives can make demands."

Arce said that to attain a concerted effort, it is necessary "to avoid government initiatives and policies that produce instability and laws that may promote a similiar effect."

He noted: "It is necessary to have a truce to work on all factors of instability simultaneously."

Commander Arce said that to achieve a concerted effort, there must be "a commitment to guarantee the stability of and respect for the Armed Forces; policies against the reestablishment the armed expression of the counterrevolutionaries must be promoted; and the problem of the National Salvation commandoes must be properly solved."

Arce added: "The creation of armed security groups or paramilitary groups acting outside constitutional armed institutions must be prevented; policies and measures against polarization and reprisals must be promoted; and the attacks against revolutionary achievements must be halted."

Arce noted that "agrarian problems must be faced" and that "social and economic problems in regions V and VI and in other parts of the country, such as Siuna and Las Sabanas, which are being adversely affected by a drought, must be attended to immediately."

Arce also referred to the agreements reached by the government and the workers and to the revision and derogation of Decree 11 - 90.

Commander Arce said that one of the points to be discussed in connection with the agreement is that of privatization, an issue that is not new.

He said: "Only the people can guarantee compliance. If someone fails to comply, the people must speak up."

Leonardo Lezama, from the National Union of Employees, said that during the meeting held at the CST building with Commander Henry Ruiz, it was said that the workers must participate in the concerted effort so that they can defend their rights and achievements.

Lezama said that there cannot be any talk of a concerted effort as long as some people are proposing that employees be dismissed, policies aimed at seeking reprisals are implemented, and collective agreements are being ignored.

Lezama said that social stability will not be reached by ignoring the rights of the workers. He urged them to defend those rights.

Commander Ruiz said that this is not a matter of deposing the government and that the FSLN is not interested in cogoverning. He said that the idea is to contribute to social stability while respecting the achievements of the workers.

Hurtado Opens Seminar on Resolving Conflicts

PA1109202490 Managua Domestic Service in Spanish 1815 GMT 10 Sep 90

[Text] The Government Ministry and the University for Peace [Universidad para la Paz] this morning inaugurated a seminar for high-ranking officials and officers of the Government Ministry at the INCAE [Central American Institute of Business Administration] headquarters. Government Minister Carlos Hurtado; Deputy Government Minister Jose Pale; Rene Vivas Lugo, chief of National Police; and Dr. Jaime Montalvo, president of the University for Peace, are presiding over the seminar, which will focus on resolving conflicts. Government Ministry spokesperson Frank Cesar also attended the seminar.

Policemen from all regions of the country will discuss the natural history of conflicts, social agreements and their implementation, the negotiation process, the reconciliation process and its implementation, and democratic security.

At the inauguration, Government Minister Carlos Hurtado hailed the fact that, five months after the democratic government took office, many conflicts have been resolved without bloodshed and massive jailings. He said that the Government Ministry will gradually improve and professionalize. Let us listen to Government Minister Carlos Hurtado.

[Begin Hurtado recording] We are going to begin this course, which the University for Peace has prepared in a very kindly and timely manner. This course has been a very important goal of mine ever since I took office. I want to work toward the technnical and professional improvement of the Government Ministry staff, particularly during this difficult period in Nicaragua. We have to improve more each time so that we can properly handle difficult situations.

We are also going to have courses on other subjects. Soon we will receive the cooperation of the Spanish Government, which has offered to help us. We will work on that this month. I think that we will begin to receive cooperation from the Spanish Government in October, which will allow us to gradually improve the professionalism of the Government Ministry staff.

I also want to take this opportunity—I have done this sometimes in the past but not in front of all of you—to note that this concept of professionalization is of utmost importance, as Dr. Jaime Montalvo said. It is not only reflected in the ability that each of you have to technically carry out your duties. If we compare police effectiveness in Nicaragua to the effectiveness of police forces in other nations, we find that our forces are really impressive. If we look at the other side of the coin, however, professionalization is the ability to place ourselves above the political and social problems that affect society to act with fairness, regardless of the political or social origins of the conflict.

I think that we have faced a series of tremendously complex and difficult problems during these nearly five months of government. We have been able to play a decisive role in resolving conflicts, ranging from strikes to takeovers of land and a series of situations different from normal police responsibilities. We have become a force capable of facing problems with enough maturity to play a neutral role and resolve the conflicts creatively and constructively.

The handling of these problems has been decisive and firm, allowing us to resolve the situation in this tremendously polarized society. This also places us in a delicate position in the sense that we run the risk—and there is a real danger—of losing our authority.

So far we have come out as winners. I think we have set a record for resolving so many conflicts with our participation at different levels. We have accomplished this with practically no one being killed or wounded and without massive jailings.

We are, however, treading a thin line. If we swing over to one side, we may fall into a situation of repression that society is now not ready to tolerate. This may be worse than the medicine that we want to apply. We must also permanently deal with the problem that, regardless of the way in which problems have been handled, we must not lose our authority.

I think that this seminar, specifically this course, is going to greatly contribute to perfecting and uniting efforts, allowing us to take action in resolving our problems. I urge you to learn all you can in this seminar because we have experienced difficult situations. We all know that the situation in the country is very complicated and will require additional efforts from each of us in order to face this situation succesfully, as we have been doing. [end recording]

Commentary Condemns Radio Nicaragua Takeover

PA1109145390 Managua Domestic Service in Spanish 1300 GMT 11 Sep 90

[Station commentary: "The Cost of Democracy"]

[Text] In the last few hours, the government—especially its autonomous institutions and ministries—has had to use much tact and common sense in dealing with threats

of strikes and takeovers of buildings. The most outstanding case is the supposedly peaceful takeover of Radio Nicaragua by dozens of Sandinist youths who identified themselves as medical school students. Instead of remaining peaceful, they beat up several employees. The radio station had to go off the air for several hours.

Other groups of supposedly peaceful students at the presidential palace [words indistinct] of the radio stations owned by the opposition Sandinist Party, who boasted of these actions and promoted chaos. If we think this over carefully, however, these are the costs that a truly democatic regime has to pay. Everyone knows how the Sandinist organizations act. They have been, are, and will be political-military organizations that cater to the interests of a particular group, instead of the country's interests.

We are celebrating Independence Week. We are honoring the fathers of our country, our independence, and our decolonization. This week should serve to remind us that not too many years ago, we were at war, and that actions—like these recent takeovers, work stoppages, and strikes—only cause destruction that hinders the recovery of the economic situation we inherited from the Sandinists.

The world is moved by these reports. Violeta de Chamorro's government stands firm, however, in its goal to work for peace and successfully create a period of national reconciliation. It is struggling against these kinds of problems. Radio Nicaragua, labeled as the Voice of the New Republic, declares that it is working for national reconciliation, but that it will not open its microphones to irresponsible people who only seek to sow chaos and popular unrest.

* Farmers Seek Higher Prices

90CA0100A Managua LA PRENSA in Spanish 19 Jul 90 p 2

[Text] The harvesting of basic grains will begin in mid-August in several areas, yet growers are worried about the high costs of agricultural chemicals and high bank interest rates.

Some growers complain that the high cost of producing basic grains will not be covered by the prices set for each item, underscoring that the price of rice per quintal has been set at 10 gold cordobas.

Jose Orozco, a basic-grains grower in La Ceiba, commented that the 15 percent bank interest rate is hitting growers hard, as are the high prices of agricultural chemicals, further indicating that "this could bankrupt us, inasmuch as we have to pay so that we don't remain in debt."

Orozco, who belongs to a five-partner cooperative that farms 20 manzanas [one manzana = 1.75 acres] of land, said that to overcome this problem the price of basic grains must be set higher than it has been up to now, because otherwise the final production target will not be met.

Owing to these problems many other growers decided this year to plant only enough for their own consumption. Some did so because they still owe money to the banks and cannot possibly pay up, while others saw that this year's crop was not going to bring a profit.

Juan Ramon Vega, a basic-grains grower, said that he chose to leave his cooperative because he could not afford the high production costs. "I decided to leave but I closed the bank account that I had since last year because I was losing money."

Vega is now growing rice and corn for his own consumption in Nindiri. Antonio Calero Flores is doing likewise; this native of San Pedro, on the road to Masaya, said that planting for one's own consumption is the only way to survive.

Panama

Public Force Officers 'Could Be Retired' Soon

PA1209035590 Panama City Circuito RPC Television in Spanish 2300 GMT 11 Sep 90

[Text] Highly reliable sources told RPC Television this afternoon that high-ranking Public Force [FP] officers, including majors, could be retired in the next few days. Government and Justice Minister Dr. Ricardo Arias Calderon made statements after a closed-door meeting with the FP director and high-ranking FP officers.

[Begin recording] [Arias Calderon, in progress] ...regular topics where the FP director explained to me what is being done to fight crime, and he informed me of the progress being made in the institution.

[Reporter] Some sources have reported that some FP members may be retiring. Is this true?

[Arias Calderon] People retire in every institution after working the required number of years.

[Reporter] Was this discussed at the meeting?

[Arias Calderon] This was not the purpose of the meeting.

[Reporter] There are also rumors about Captain Leslie Loaiza, the director of the Judicial Technical Police [PTJ], being fired in the next few days. Is this true?

[Arias Calderon] These rumors have circulated because there is a proposal in the Legislative Assembly calling for the PTJ director to be a lawyer. Once the Legislative Assembly has approved the legislation, the executive branch must comply with it.

[Reporter] Will Loaiza remain in his post for the time being?

[Arias Calderon] There are no changes at this time.

[Reporter] Will Lieutenant Colonel Armando Palacios Gondola and Colonel Quesada remain in their posts?

[Arias Calderon] There are no changes at this time. [end recording]

More on Possible 'Retirement'

PA1209041790 Panama City Radio KW Continente in Spanish 0320 GMT 12 Sep 90

["Special bulletin"]

[Text] KW Continente listeners, this is a last-minute news report. Our news team is trying to obtain official confirmation from the authorities on the important news about Public Force [FP] officers being retired. Highly reliable and well-informed sources, however, gave us this report about five minutes ago.

The top commands of the FP are waiting for the institution's order of the day, in which the retirement of high-ranking FP lieutenants, majors, and captains will be announced. This report has not been confirmed yet, because our news team is trying to reach Government and Justice Ministry and FP officials for confirmation.

The names of officers mentioned in connection with retirement are Lieutenant Colonels Moises Correa, Gerardo Garcia, and Armando Palacios Gondola. Official sources have told us that some majors, captains, and top FP officers will be retired, but we do not know their names. This is a last-minute report. Stay tuned to this station, because our news team is trying to confirm this important report. The FP, which is in charge of public security, is a very important institution.

DEA, PTJ Seize 2.1 Metric Tons of Cocaine

PA1109181690 Panama City Circuito RPC Television in Spanish 1742 GMT 10 Sep 90

[Text] The DEA [Drug Enforcement Administration] and PTJ [Technical Judicial Police] have seized in a joint operation a drug shipment worth millions of dollars. The drug shipment left Colombia in mid-August and was supposed to be delivered to Punta Mosquito in San Blas, very close to the Panamanian-Colombian border, on 22 August. This was learned from undercover agents. The PTJ used a ship manned by its own agents, who posed as drug traffickers and who were to receive the drugs and send them on later to the United States through various means.

An operation was set up to catch the Colombian mafioso with their illegal cargo, but the mafioso grew suspicious and did not show up at the rendezvous point. Several boats were seized, but none of them belonged to the drug traffickers. It was all a matter of waiting and the operation was continued. The PTJ ship remained for two more weeks in the open sea, waiting for the shipment. Finally, contact was made early on 4 September. Close to 2.1 metric tons of cocaine, worth an estimated $53 million, passed into the hands of the PTJ. The drug shipment was unloaded at Samba Bonita, Colon. Reporters were asked to keep silent until the drug traffickers were captured.

An undercover agent, who participated in the operation, reported on it. He withheld his identity to prevent reprisal by the mafia. He was called Agent X.

[Begin Agent X recording] We made contact, and then the traffickers tried to board our ship. We resisted and even pointed our guns at them while they pointed theirs at us. The tension was high and the captain on their ship was shouting at us. We finally decided that none of the Colombians could come aboard our ship because of the danger that this entailed; they were carrying automatic weapons. To tell you the truth, at this moment of tension, I thought about my family, my children, and my fellow workers in the antidrug special forces. I offered my soul to God, thinking that whatever happens, I had a duty that I was determined to carry out. Thank God, the deal was closed at about 0600 and approximately 12 miles off the coast. There was nobody else in sight, except the four Colombian boats that had contacted our boat. The level of risk was high. This is difficult work, and this has been a great experience. [end recording]

This operation lasted several months. The undercover agents experienced many difficulties. The reach of the mafia is long, and this can require sacrifices on the part of PTJ agents.

[Begin Agent X recording] We are also afraid that our families could be attacked. Should such activities become daily occurrences here in Panama, however, the response of the antidrug agents—both those who have been identified and those have not been—against the drug traffickers will be overwhelming. [end recording]

The drug shipment was analyzed, and it was discoverd that the cocaine was very pure. The undercover operation continued and the PTJ and the DEA sent approximately one metric ton of the drugs to Miami; the drug traffickers were waiting for this load. The drugs arrived at their destination last night, and the DEA carried out their raid, arresting at least ten people in Miami. At the same time, Efrain Rodriguez, the leading negotiator for these drug traffickers and a prominent member of the Medellin Cartel, was arrested in Cartagena. New arrests will be made in the next few hours in Colombia, the United States, and Panama. Also, several pieces of property and bank acconts of drug traffickers have been confiscated in the United States. The same could happen in Panama in the next few days.

PTJ director Leslie Loaiza will hold a news conference this afternoon on this operation, which led to the seizure of 2.114 metric tons of cocaine worth an estimated $53 million and the arrests of a number of mafiosos. The

drug epidemic has spread throughout all countries and gradually undermined the structures of law, stability, and health in most of these countries, despite the efforts of the international agents to check drug trafficking. The PTJ and DEA have dealt severe blows to those who deal with large quantities of drugs. These organizations have accumulated evidence to arrest those who profit from the deadly white powder. So far only unity has been the drug traffickers most powerful enemy. It is a permanent struggle for all, because this underworld industry creates destruction and undermines the health of millions throughout the world.

Argentina

Government Halts Wheat Sales to Iraq

PY1109114590 Buenos Aires DYN in Spanish 1122 GMT 11 Sep 90

[Excerpt] Buenos Aires, 11 Sep (DYN)—Felipe Sola, under secretary of agriculture, livestock, and fisheries, has asserted that Argentina will "not sell" wheat to Iraq, which is involved in the Persian Gulf conflict, because the national government "supports" the commercial blockade imposed on that nation.

Sola regretted this situation because Iraq "buys 4 million tons of Argentine wheat per year," but added that the international blockade was ordered by the United Nations and "our country has supported it." [passage omitted]

Menem Views Talks With Bush

PY1109125890 Buenos Aires DYN in Spanish 1106 GMT 11 Sep 90

[Text] Buenos Aires, 11 Sep (DYN)—The meeting between President Carlos Menem and U.S. President George Bush scheduled for 29 September will not be suspended despite the fact that Bush will visit troops in the Persian Gulf on the same day. Menem said last night that "if the meeting does not take place on 29 September, it could be on 30 September or a day earlier"; it could even mean that Menem's "visit to the United States could be extended."

The chief of state made these statements to the media shortly before leaving a ceremony organized by the CGI [General Confederation of Industry] to commemorate Industry Day.

Asked about grain sales to Iraq in compliance with agreements signed with that country, Menem said: "Argentina will strictly respect the resolutions adopted by the United Nations." He added: "When the blockade is lifted, we will sell grain to all the countries of the world."

Regarding the fulfillment of trade contracts with Iran, the president said that prices for the sale of wheat to that country will be negotiated "as appropriate" and downplayed the decisions the Iranian Government could make regarding the Argentine grains. He said: "In that case, we should not sell grain to Iran, Libya, or any other country that agrees with Iraq's position."

Menem Tells Cabinet To Set Disagreements Aside

PY1209025090 Buenos Aires DYN in Spanish 0152 GMT 12 Sep 90

[Text] Buenos Aires, 11 Sep (DYN)—Tonight President Carlos Menem said that he had instructed his ministers and other assistants to leave aside their disagreements. He added that if they do not leave aside their disagreements, he will be forced "to change some officials."

Regarding his instructions, Menem said: "I expect this change to be noticed within the next few days."

Menem disclosed this during the "Tiempo Nuevo" program that is broadcast over Channel 11.

Central Bank President Outlines New Policy

PY1109222090 Buenos Aires BUENOS AIRES HERALD in English 11 Sep 90 p 3

[Text] (NA)—Central Bank President Javier Gonzalez Fraga yesterday outlined the government's new monetary policy, promising that from now on "the monetary supply will be close to zero."

Gonzalez Fraga affirmed "after the first stage which was dedicated to eliminating the causes of hyperinflation," "we're now through to the second stage, in which the objective is to consolidate stability."

The most difficult task ahead, he added, "is not to push inflation down from a monthly rate of 90 percent to 10 or 15 percent," but "to get it somewhere in the region of two percent."

But he claimed, however, that the government was "in a good position" to achieve stability, given that "we've now pushed through tax reform and the liberalization of the economy, and we're already embarked on a substantial part of the reform of the state."

He added "the tools we will have at our disposal will be a monthly treasury surplus of between 250 and 300 million dollars, a higher fiscal revenue, the widening of VAT [value-added tax] and the fact that state enterprises will be receiving their dues and paying their taxes."

Gonzalez Fraga then revealed that in order to strengthen the fight against inflation the government would "institute a policy reversing index-linking," with which "public rates would increase below the level of the consumer price index."

With inflation in retreat, the third stage of the government's economic plan, "the stimulation of growth," would come into being, he added.

He denied that this third stage would come only after the conclusion of the second, but he affirmed that "it's inevitable that investors are looking for solid stability, and the economic team is not prepared to promote a rapid recovery, which would be short-lived as we've seen many times before."

Energy Minister Received by Argentinian President

TA0709195890 Ankara ANATOLIA in English 1840 GMT 7 Sep 90

[Text] Ankara (A.A)—Energy and Natural Resources Minister Fahrettin Kurt, currently in Argentina on an official visit to examine nuclear energy and heavy industry facilities, has met Argentine President Carlos Menem, the Foreign Ministry said here on Friday.

A Ministry statement said Kurt met Men.. on Thursday.

Also present at the meeting were the Argentine economy and foreign ministers and senior officials from the country's nuclear energy commission.

So far Kurt has visited nuclear energy and heavy industry facilities in the capital Buenos Aires and the cities of Bariloche and Mendoza.

He will return to Turkey on Sunday.

Brazil

Iraqi Oil Offer Rejected; Negotiations Continue

PY1109141590 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 11 Sep 90

[Text] The government has delayed the departure of the plane that was to bring Brazilians back from Iraq because the Baghdad government does not want to issue exit visas to Mendes Junior Construction Company workers. Iraq is demanding that this company contract an Iraqi company to carry out the contracted work. According to information from the Foreign Ministry, the Mendes Junior Construction Company has suspended its contracts in Iraq so that its workers could be granted exit visas and will therefore not accept this new demand.

The Iraqi Government now refuses to stamp the passports of 126 workers from the Mendes Junior Construction Company and other workers from other companies who are still in Iraq.

The 158-seat Boeing plane from the Brazilian Air Force that was to depart last night to pick up the Brazilians in the Jordanian capital of Amman did not make the flight. The Brazilian Government is waiting for the Iraqi Government and the Mendes Junior Company to reach an agreement so that the visas can be granted.

Itamaraty is sending three diplomats to Iraq to speed up the negotiations, including Paulo Tarso Flecha de Lima, former Itamaraty secretary general and current Brazilian ambassador to Great Britain.

In addition to the 126 workers with the Mendes Junior Construction Company, there are 18 Autolatina car dealership workers, 14 Maxion company workers, and 22 Brazilians under direct contract to the Iraqi Government still in Iraq.

The Foreign Ministry has announced that Brazil will not accept Iraq's offer to provide oil free of charge. The Brazilian Government believes that accepting that offer would amount to violating the trade embargo imposed by UN Security Council resolution.

Economy Minister Denies Report of Token Payment

PY1209021890 Brasilia Domestic Service in Portuguese 2200 GMT 11 Sep 90

[Excerpt] Brazil will not make a token payment to resume foreign debt negotiations with the creditor banks. This information was released by the economy minister on denying a report disseminated in the United States.

Minister Zelia Cardoso de Mello said that the Brazilian Government does not intend to make any token payment to the creditor banks to resume negotiations.

According to remarks made by Ambassador Jorio Dauster, the Brazilian foreign debt negotiator, the government will simultaneously talk with the Paris Club, which comprises the creditor countries, and with private banks.

The negotiations should begin in October and an agreement should be reached four months later. However, the Brazilian Government will not make any payments before this. [passage omitted]

Interest Payments to Banks To Resume Next Year

PY1109152090 Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Sep 90 p 1

[Text] Economy Minister Zelia Cardoso de Mello yesterday announced that Brazil will resume payments on the interest on foreign debts owed to private banks. Speaking in Brasilia, the minister said that the payments, which were discontinued in July 1989, will be resumed at the beginning of next year. She said that Brazil has promised the IMF to resume official negotiations with the private banks before the end of this month.

Central Bank Chairman Ibrahim Eris has said that the negotiations will be held through the bank advisory committee. Before beginning the negotiations, Brazil will try to modify the composition of the committee to include representatives of small and medium-sized banks.

The first installment of a $2-billion standby loan that was agreed upon with the IMF on 7 September should be released in December. The loan will be released in six installments through February 1992.

Federal Civil Servants Begin Indefinite Strike

PY1109181090 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 11 Sep 90

[Text] Federal civil servants will begin a nationwide indefinite strike today. Nearly 1.2 million federal government workers are demanding that their salaries be increased by 318 percent, that dismissed workers be rehired, and that workers placed on reassigment status be reinstated in their jobs.

U.S. Airline Purchases 11 Brasilia Aircraft

PY1109231090 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Sep 90 p F-2

[Text] London—The U.S. ASA (Atlantic Southeast Airlines) has exercised 11 of 27 purchase options for the Brasilia 30-seat turbo aircraft produced by Embraer [Brazilian Aeronautics Company].

The deal was confirmed by George Pickert, director of ASA, which is based in Atlanta, Georgia, and already has 40 Brasilias in addition to 14 Bandeirantes. ASA has already ordered 60 Brasilias and still has 16 purchase options to exercise. The Brasilia, which costs $7.6 million, has conquered 52.4 percent of the U.S. regional market and is part of the fleets of 30 regional airlines in 15 countries.

Asian Countries Express Interest in AMX Plane

PY1109232090 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Sep p F-2

[Report by Antonio Carlos Seidl]

[Text] London—At Farnborough's 29th airspace fair yesterday, AMX International chairman Giandomenico Cantele told FOLHA that the Malaysian, Indonesian, Thai, and ROK Air Forces are interested in buying up to 300 units of the Brazilian-Italian AMX military plane. AMX International is in charge of selling the plane. The international fair, which is the main airspace exposition of 1990, is being held in Farnborough, a small city near London.

Cantele said: "The arrangement of airspace equipment transactions takes a long time. However, we envisage the possibility of selling up to 300 planes in this market within the next two years."

The AMX is a fighter developed by the Brazilian Aeronautics Company (Embraer) and its Italian partners Aeritalia and Aermacchi.

The AMX is not participating in the fair's air performance program. The AMX stand, however, featured a flight simulator showing its performance in several military missions.

In addition to supplying the Brazilian and Italian Air Forces, Embraer is planning to sell the AMX to air forces around the world. The company hopes to make 30 percent of its sales through the provision of military equipment. Embraer has also developed the Tucano.

The AMX program, which began in 1980, has already produced 40 planes. Brazil and Italy received 23 planes in 1989. The first two-pilot AMX built by Aeritalia made its inaugural flight on 14 March this year. The first Airmacchi two-pilot plane made its inaugural flight on 16 July. The first two-pilot AMX plane built by Embraer is scheduled to make its inaugural flight in November. Its delivery to the Brazilian Air Force is scheduled for February 1991.

Country To Produce Fuel for Nuclear Reactors

PY1109185290 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 10 Sep 90

[Text] Brazil will be able to begin producing fuel for nuclear reactors. This work is being conducted at the USP [University of Sao Paulo] Energy and Nuclear Research Institute in Sao Paulo.

[Unidentified reporter] This is a imaginary picture, but these lights and colors represent Brazil's future in the nuclear field, an idea that now seems to be too far away for the people. However, thanks to the operation of reactors like this one, there are prospects for progress in the medical field and for safety in industry. One of Brazil's three research reactors operates here.

Radioactivity safety procedures meet international standards. Working with First-World seriousness, Brazilian scientists have discovered a way to produce fuel for the reactor.

For a reactor to operate, it requires the element of enriched uranium. It is the same thing with a car, which requires gasoline to operate. Brazil has imported nuclear fuel up to now. With this scientific breakthrough, however, Brazil will be able to produce its own fuel and—who knows—maybe even export it. If this plan succeeds, then Brazil will be able to save about $4 million per year.

Brazil will not only save on nuclear fuel itself but also on medicine produced by radiation, including, for example, this (?device), which helps to identify damaged tissue in [word indistinct] kidneys and brains as well as in the radiographic location of cancerous tumors. Scientists believe that developing this technique will require time and money.

[Begin recording] [Unidentified scientist] We basically require more funds.

[Reporter] Are these funds available?

[Scientist] This is what we are asking the government.

[Reporter] What are the prospects for obtaining such funds?

[Scientist] I believe that the prospects are good, especially if we demonstrate the potential uses in the nuclear field and in the nuclear energy field for medical and industrial use. [end recording]

* Collor Strategy To Create New Party Viewed

90SM0219A Rio de Janeiro O GLOBO in Portuguese 24 Jul 90 p 5

[Article by Jorge Bastos Moreno: "Collor Will Seek Elected Allies To Create New Party"]

[Text] Brasilia—Beginning next December and until January of next year, and depending on the outcome of the election, President Collor will meet with those elected members of Congress whose policies and actions

are in tune with his governmental program to create the nucleus of a party that will provide the basis for his political support in Congress. This new party will not mean dispensing with the support the government receives from the PRN [National Reconstruction Party], PFL [Liberal Front Party], PDS [Social Democratic Party], PTB [Brazilian Labor Party], and PDC [Christian Democratic Party] but will probably be the instrument for channeling the efforts of all these forces that are based on the social democratic doctrine and thereby become one of the principal groupings of the parliamentary system that Collor wants to see established during his administration (the Constitution provides for holding a plebiscite in 1993 with regard to the system of government).

"The acronym for this party is not important," said one of the president's principal advisers. "What is important is the party's philosophy: its platform, which will be carried out basically by new people in accordance with the party reform that the public demands."

According to his adviser, Collor could—if he wished—"pump up" any one of the parties that support him, including the PRN, under whose label he was elected president. He has chosen, however, the strategy of not involving himself directly in the campaign and leaving it up to the voters to choose their representatives free from the influence of external factors.

"The president is confident that the economic stabilization program will be successful," the adviser said, "but he does not want to turn it into a new Cruzado Plan—the biggest fraud in the nation's political history, which resulted in the uncritical election of individuals whose performance in Congress was characterized by materialism. He wants to correct this defect and end the practice of patronage."

The president does not want his cabinet ministers and secretaries to become involved in the campaign, and in this connection the adviser recounted an incident. Last week Deputy Julio Campos, a candidate for the Senate, whose brother Jaime Campos is a candidate for governor of Mato Grosso, said—after conferring with Collor—that the president had authorized the members of his cabinet to take part in the election campaign. Campos based this statement on the fact that the president had given the cabinet ministers permission to record messages of support for those candidates who are supporters of the government.

Because Campos' statement had repercussions in the press, on the following day the president instructed General Agenor Homem do Carvalho, chief of the military household of the Presidency, to telephone all the members of the cabinet and explain the incident to them.

"Mr. Minister," the general explained, "something unpleasant has happened. The Campos brothers came here and misinterpreted the president's words. Because of his high regard for those who support him, the president was reluctant to issue a denial. But he wants you and your colleagues to know that was not what he said."

The members of Congress who are also members of the cabinet—Deputy Bernardo Cabral, minister of justice; Senator Carlos Chiarelli, minister of education; and Deputy Alceni Guerra, minister of health, who make up the administration's informal political council—were surprised at Campos' statements, precisely because they had never received such a directive from Collor. In specific cases, the president had always told them that because they were politicians, he understood that they could not stay completely out of the campaigns in their respective states (Amazonas, Rio Grande do Sul, and Parana) but was also sure that they would not place their administrative machinery at the service of the candidates they are supporting.

One of these cabinet ministers, Alceni Guerra—whose office sees an average of 10 members of Congress every day who come there to ask for a statement of support—has politely asked them to leave the cameras and electronic paraphernalia used in preparing election campaign programs outside the office. Alceni will now make statements concerning the election only under the direction of the administration's principal political spokesman, Justice Minister Cabral.

Alceni avoids talking about Collor's plan to create a new party, because this too is one of Cabral's prerogatives. All Alceni has disclosed is that immediately after the election and before Collor had chosen his cabinet, he discussed the matter with the president and told him that he was working with friends on such a coalition. The president thought it was too early to deal with this question before the elections.

Chiarelli takes the same position: it is Cabral's affair. He reaffirms Collor's intention, namely, the election results will lead to the creation of a new party, whose principal architect will be the president. The truth is that they believe Collor will go to work on this immediately after the results are known but are trying not to jump the gun on the president. Privately, they confirm the statements made by the president's adviser.

According to a statement made by the adviser and corroborated by the cabinet ministers, Collor has never expressed any desire to be the first head of a parliamentary government. What he has stated is that he will be the first president of the republic under this system.

The president's avoidance of direct involvement in the campaigns of the candidates is one of the principal components of his decision to create this nucleus of a party in Congress. He believes there are new groupings in the congressional contests and that they clearly do not need to be involved with the candidates for governor in the various states. Any assistance to a candidate for governor could result in disruption of their own plans.

In addition to the question of involvement in the campaign, the president has told advisers and cabinet members of the pressures exerted by candidates who are themselves farmers and ranchers—and by those whose principal campaign managers are farmers and ranchers—particularly those in Rio Grande do Sul, Parana, Mato Grosso do Sul, Mato Grosso, Goias, and Sao Paulo. These candidates are demanding special privileges in the form of subsidies and increased agricultural credit for their regions.

"What the government can do—in some cases—is study the possibility of extending the existing terms of loans, not for electoral purposes but rather to meet the needs primarily of the small- and large-scale farmer and rancher, provided this does not endanger the economic stabilization program," the president commented last Friday during a discussion of the attempt to form a milk production cartel, which according to one of those present annoyed him greatly. "But to do this to obtain election dividends—never," he added. "That is not the philosophy of my administration."

* Tinoco Views Strikes, Drug Operations, Bomb

90SM0235A Brasilia CORREIO BRAZILIENSE in Portuguese 12 Aug 90 p 18

[Interview with Minister of the Army Carlos Tinoco; place and date not given—first six paragraphs are CORREIO introduction]

[Text] There is a reason behind the strikes that are now occurring in Brazil. This is the opinion of Minister of the Army Carlos Tinoco, who is counting on workers and businessmen reaching an understanding, to solve the labor disputes. In the minister's opinion, the strikes, which have brought the employees of the state-owned corporations back onto the scene, are a "normal reaction" to the economic sacrifices imposed by the measures taken to "rearrange" the economy.

In an exclusive interview with CORREIO BRAZILIENSE, the army minister said that "this is the time to make sacrifices." He recalls the government's "effort" to rehabilitate the economy, and assures us that the Brazilian Army is contributing to the success of the economic plan by cutting costs and curbing investments in such programs as troop reequipment. "We suffered a lot of budget cuts this year," he confesses.

Carlos Tinoco said that any pay increase for the troops should be accompanied by a general readjustment of wages for its civilian employees. The minister says that the Army has already been cutting back on spending "for some time now," is operating with two-thirds of its authorized manpower, and is announcing the suspension of military training exercises in order to economize. "We have cut costs much further than we can afford to," the minister said.

Tinoco said that the Army is cooperating with the environmental protection measures and is educating its troops in conservation. He noted, however, that the integrity of the Amazon jungle is a problem for all the countries of the Amazon basin, and stated that the Army is ready to resume dynamiting the airstrips used by prospectors in the interior of the jungle.

In the minister's opinion, stamping out the drug traffic in Brazil is the job of the Federal Police. He denied that the Army has prepared a plan to assist with the federal intervention in Rio de Janeiro, conceived as a way to combat organized crime, and he hailed the reduction in the number of kidnappings in that state's capital city, although he acknowledges that the military police are short of manpower and equipment.

The minister defends Brazilian mastery of the nuclear fuel cycle, dismisses the idea of building a nuclear bomb, but says that the "search for technologies" must continue indefinitely. A native of Rio de Janeiro, now 62, Carlos Tinoco is the first minister of the army to have been educated at the Agulhas Negras military academy. Dividing his time between work in his office on the 4th floor of "Fort Apache" in the SMU [expansion unknown], and active sports, the minister confesses that his latest passion is tennis. "I always say that I keep playing with smaller and smaller balls. I started out playing basketball, and will end up playing marbles," he jokes. Following is the full text of our interview with Minister Tinoco:

[CORREIO] After a short period of inactivity, the labor movement is again calling work stoppages in various segments of the economy. Is the Army worried that there will be unrest?

[Tinoco] First, if there were any unrest, I would not be giving this interview. So this is in no way a situation of unrest. What we are seeing is a normal and natural reaction to the sacrifice that this country is making. Not everyone has the kind of education and cultural background that enables them to understand the importance of these times. This is a time to make sacrifices. These sacrifices cannot be made by only part of the population—they have to be made by everyone. Those strikes represent nothing more than demands which, in the last analysis, have a rationale. But the strikes are being resolved by themselves, through understandings between the labor unions and the affected organizations.

[CORREIO] Since we are talking about sacrifices, would you care to mention any group that is not doing its part?

[Tinoco] In reality, all occupational categories are making their share of sacrifices, although some are giving up more than others. For those who face greater limitations, who earn less, the sacrifice is greater because they have no reserves. That is where the difference lies. Actually, the sacrifice is being made by the entire nation.

[CORREIO] The Army is not worried about the possibility of new disturbances at the CSN [National Iron and Steel Company] mill in Volta Redonda?

[Tinoco] Not at all. The press has just reported on the efforts being made by both sides to reach an agreement. I believe that good sense will prevail. The company, the workers, and their union are on the road to a solution.

[CORREIO] Now that there has been a change in government, what are the main problems facing the military?

[Tinoco] What has been happening right now is that the new administration is trying very hard to overhaul the economy. And we in the military, like everyone else in this society, are making our contribution so that this objective is actually reached. I always tell my men that we are going through a survival year. This is the year when we have to make every sacrifice—the maximum number of sacrifices—so that the government can actually achieve its objective, which is rehabilitating the economy. Once it has been overhauled, then we will be in a better position for our branch of the service to deal with all its problems.

[CORREIO] Are the measures taken to adjust the economy affecting plans to reequip the troops?

[Tinoco] Obviously. Our funds were cut many times. Not only the Army, but all sectors of Brazil have experienced these limitations on spending. We understand perfectly well that these measures are absolutely necessary if we are to achieve an equilibrium in this country's finances.

[CORREIO] Early this week you, along with the ministers of the Navy and Aeronautics, met with Minister of the Economy Zelia Cardoso de Mello. According to press reports, the subject was the military pay scale. There is a decree that says that government employees will not get a raise until next year. So, if the minister were to make an exception and allow the military to be given a pay increase to the detriment of the other public employees, wouldn't that be considered an attack on the federal civil servants?

[Tinoco] Actually, our conversation with Minister Cardoso de Mello did not deal specifically with that salary issue. We talked about budget problems in general, and a lot of other matters associated with the budget. We also talked about pay scales, but no details were discussed and we really believe that the Constitution must be obeyed—that is, any pay increase for the military must be given concomitantly with raises for the civil servants.

[CORREIO] What have you accomplished in the Army in terms of administrative reform?

[Tinoco] Actually, the Armed Forces were left out of the administrative reform, because the same decree that ordered the administrative reform of the civilian ministries states that the military ministries will continue to be governed by Decree 200. This means that there really has been no administrative reform in the military ministries; a reformulation did take place in the civilian ministries. However, we have joined in holding down expenses. I always say that the Army has been cutting expenses for some time now, starting with troop strength, which for seven or eight years now has been at two-thirds the level authorized by law. Our civilian staff was recently cut by about 50 percent. What we did this year was to try very hard to cut spending, especially by reducing troop movements. Now we move people around only when absolutely necessary. We have placed restrictions on the problem area of food because funds have become very scarce. We disposed of nearly 500 vehicles and we have tried, wherever possible, to avoid unnecessary outlays. For example, the maneuvers scheduled for the end of the year have been suspended. It is in those areas that we were really able to make substantial savings—much more than we could afford. Really, this year our operational ability has been somewhat impaired.

[CORREIO] You are a career officer. But this does not mean you are no longer a citizen when it comes to politics. How do you view the government of which you are a part? Do you think the government is handling things correctly?

[Tinoco] Although my position is also a political one, I am not a politician. What I will say about the government is that, in my opinion, it is on the right track. The administration is making a very strong effort to rehabilitate the economy and, as I see things, this is the right road. This is why we are cooperating with the administration and also making a very big effort, albeit sacrificing our operational ability, to do our part to contribute to the achievement of that objective.

[CORREIO] Don't you think that the Army personnel should play a bigger part in the country's recovery process?

[Tinoco] What do you mean, the country's recovery process?

[CORREIO] For example, last week President Collor signed an agreement with the Army Corps of Engineers to repair roads. That is one unit of the Army that is collaborating with the "Highways SOS" program. As regards health—since the Army has a fine infrastructure in this area—couldn't that system be made available to the public, not just to the military?

[Tinoco] The Army works with the Brazilian public every day. This kind of cooperation is always going on in one form or another. Our Corps of Engineers and Construction has been assigned to work on about 800 km of roads. We have already made a commitment to the Ministry of Health to assist with the national vaccination campaign, which will take place nationwide in September. We are also going to make new efforts in Rio de Janeiro to fight dengue fever. Our hospital system does not really have any beds it could make available to the general public, although it is already serving the civilian population in several regions, notably Amazonia. Right now we have a request from the government of Amazonas to enter into agreements to provide care in hospitals in three towns in that state. The Tabatinga hospital,

administered by the Army, serves the entire population of that locality. We are already taking part in that effort; however, our hospital system is not particularly strong and cannot be opened up to the public—except in cases of emergency, obviously.

[CORREIO] Minister, the proposals for internationalizing the Amazon region, made by ecological movements from the countries of the First World, have mobilized the Army in defense of Brazilian sovereignty. Do you think the Army should get more directly involved in the preservation of the environment?

[Tinoco] I do not believe that the land forces are called upon specifically to take care of the environment. What has been happening in Brazil is that people are becoming more and more concerned about preserving the environment. In fact, the Army has long been concerned about this problem. Even on our bivouacs, which do have a certain impact on the environment, we try to have the least possible effect on our surroundings, so that, after a short time, there will be no trace of a military encampment on that site. This is the way the Army has been proceeding for years, and we try to pass on these habits to every individual who performs military service. This may be the Army's biggest contribution: making the soldiers who perform their military service every year aware of the importance of protecting the environment.

[CORREIO] What does the Minister of the Army think of these proposals for internationalization? What is your opinion about aid from wealthy nations to preserve the Brazilian environment?

[Tinoco] It is not appropriate for the Army to take a position on that sort of problem. It is a matter for the government to decide. The Army may eventually be consulted, but the policy has to be made by the Brazilian Government. We should remember, too, that the Amazon issue does not affect only Brazil. The problem concerns the Amazon Basin as a whole, and is of interest to seven or eight countries.

[CORREIO] You are not afraid that the migration of prospectors to areas along the border with Venezuela may create an explosive situation?

[Tinoco] There is no explosive situation at all. Above all, it is an economic problem for the prospectors. They are trying to find a way to make a living. On the other hand, the government has to be concerned about other problems, including ecology. So things have to be administered in some way that keeps the prospectors from working in unauthorized areas, and from using predatory methods. There is no danger at all of an explosion.

[CORREIO] The Army helped to blow up the airstrips. Then that operation was suspended because of bad weather. Has the government already decided to resume these operations?

[Tinoco] If there is a decision to resume, then the operation will certainly be carried out under the same conditions.

[CORREIO] Have you already received some notice to that effect?

[Tinoco] Yes.

[CORREIO] Some time ago, the press reported on an American request for the Armed Forces of Brasil to take part in actions against the drug traffic. Do you think that the Army should participate in that kind of operation, to combat the traffic in narcotics in Latin America?

[Tinoco] That is a mission which the Constitution assigns to the Federal Police. It is not the task of the Army—but this does not keep the Army from cooperating, possibly, with the Federal Police in the battle against the drug traffic. But the responsibility lies with the Federal Police.

[CORREIO] There have been several international reports that include Brazil on the international drug trafficking route. What is the Army's position on this?

[Tinoco] I think the question should be directed to Dr. Romeu Tuma, secretary of the Federal Police. He is the one who is qualified to answer. I would rather not discuss the subject.

[CORREIO] Minister, not long ago the federal government was even thinking about declaring a state of emergency in Rio de Janeiro because of the wave of violence that has hit that city. Can you confirm that President Collor ordered the Army to draft a plan for covering the federal action in Rio? Could the Army be planning to "climb the hills" [into the shantytowns] in that state?

[Tinoco] No one asked me for Armed Forces coverage in Rio de Janeiro. The problem in Rio de Janeiro is that, under present circumstances, criminality has reached a level that creates major problems for the police. Fortunately, the rash of kidnappings that took place in Rio de Janeiro is subsiding, which means that the police have put together the means to be able to reverse the situation by arresting several kidnappers. To some extent, the kidnappings have stopped. Now, this is purely a police problem; the Army has nothing to do with kidnappings.

[CORREIO] When Governor Moreira Franco was told of a possible federal intervention, he protested. The Army Police Force, for example, protects areas near the Military Academy, where a large number of holdups and robberies took place...

[Tinoco] That shows that policing means the presence of the police, which, under the Constitution, is the responsibility of the Military Police. The Military Police should provide a visible, uniformed, presence. When the police have enough resources and manpower to perform such policing—to get out into the streets, be seen by the public, and especially, by the hoodlums—then crime

decreases. Crime increases or decreases according to whether that preventive role, the presence of the police on the streets, is being played. The Military Police must also be able to respond more quickly to events. The faster they can get to work on an incident, the lower the crime rate will be because the criminals notice that speedier response. When the police cannot do this, crime tends to increase.

[CORREIO] Do you mean to say that the Rio de Janeiro police are not performing their preventive function? That the fault lies with the government of Rio de Janeiro?

[Tinoco] I would not necessarily blame the government of Rio de Janeiro. The population of that state has risen sharply in recent times, and it is very hard to increase the number of policemen. You cannot expand the police force overnight. Very often the state government would like to see adequate police effort, but since resources are insufficient, they cannot achieve this. It is something that cannot be solved instantly. It takes time. The situation does not always permit responding rapidly to the needs.

[CORREIO] You are going to appoint a general as head of the IGPM (Inspectorate General of the Military Police). Is the purpose here to be able to monitor the actions of the military police more directly?

[Tinoco] The IGPM has always been headed by a general officer. Right now, however, this general wears more than one hat. He is both the inspector of the military police and deputy chief of the Army General Staff. So, he has had too much work. He has had to divide his attention, and has been unable to devote himself as much as we would like, to the job of inspector of military police. By going back to the practice of where a general holds only that position, we hope not only to obviate that problem, but to respond to demands that the police themselves have been making for some time now.

The inspector's main purpose is to discuss police problems with the state government. He would be a sort of adviser, an advocate for the police to make the state government aware of their needs. The state governments are not always disposed to respond to requests, so the inspector will have the job, shall we say, of assisting the military police and also working with the federal authorities to see that the federal government makes an effort with regard to reequipping the police.

[CORREIO] Do you think that the military police in Brazil are well trained, or is something missing?

[Tinoco] What is missing in certain police forces is just what we have been saying—ways and means, so that they can do their job. For example, if the police have been equipped to do what they are asked to do, it should take them no more than five minutes to respond to an incident. The longer it takes them, the less able they are to fulfill their mission and discourage criminality. When criminals see that the police are arriving on the scene quickly, then they are disinclined to commit an offense. Furthermore, the public feels satisfied, they feel the police presence, and this generates trust. Basically, what the police need is the right equipment, the proper conditions, and the means to really do their duty. If they do not have the resources, how can they do their job?

[CORREIO] Minister, the Armed Forces have developed an alternative nuclear energy program in Brazil. Not long ago, international organizations again denounced the transfer of Brazilian technology to the government of Iraq, and accused Brazil of planning to build an atomic bomb. What is the Army's position?

[Tinoco] That is another of the government's problems; it is not an Army problem. The decision to build a nuclear device is a government decision, not an Army decision.

[CORREIO] But what is your position as a Brazilian citizen?

[Tinoco] I believe we must make every effort to obtain all the nuclear technology known to this world; that does not necessarily mean getting into the production of a nuclear device.

[CORREIO] Would the Army argue in favor of peaceful use of nuclear energy?

[Tinoco] What the Army advocates is what the entire nation wants, i.e., competence, knowledge.

[CORREIO] Regardless of the type of technology?

[Tinoco] Obviously. Because it is only familiarity with modern technology, in whatever branch of knowledge, that really enables a country to climb the rungs on the ladder of development. So the search for technology must continue indefinitely.

[CORREIO] To what degree has the Brazilian Army been professionalized? Are you in favor of an entirely professional Army?

[Tinoco] If you compare it to other armies in the world, the Brazilian Army is among those that spend the least, that take up the smallest part of the nation's budget. This is true regardless of what parameters are used to measure it—Gross Domestic Product, budget, size of territory, population, etc... In terms of equipment, we do have a modernization program, because the Army must be constantly improving itself and updating its equipment. The degree of professionalization of an Army that works with conscripts cannot be compared to that of a professional army. This is because every year we have to incorporate an enormous number of soldiers, and we spend all year training them. When we get to the end of the year, when they have been trained and are ready to perform their duties, then they leave and we start all over again. This kind of army can only be compared with armies of other countries that employ the same system.

I think that for now, we should retain this system, especially because normally, most of the Brazilian men who are drafted into the Army are poor, and the Army does a lot for them. It not only makes them into soldiers; it makes them citizens. Some years ago these men even had to learn to read and write in the Army.

[CORREIO] Is it difficult to command the Brazilian Army?

[Tinoco] No, it is not difficult; actually it is easy. The Brazilians soldiers are very zealous in performing their duties and obligations. They follow orders, they have a great spirit of sacrifice, and they understand perfectly which occasions call for a certain sacrifice. So there are no difficulties at all in commanding the men, especially for me, since I have spent many years in the Army.

[CORREIO] In a few days, the Army will be celebrating its most important holiday, Soldier's Day. What sort of programs have been planned?

Every year the service celebrates Army Week, which begins on 19 August and ends on Soldier's Day, 25 August. These celebrations, although they will be rather impressive, do not involve significant financial outlays. Normally, the plans include athletic competitions, demonstrations, open houses at the barracks, civilian-military ceremonies, military band concerts, competitions among school bands, etc.

* Impact of Gulf Crisis on Economy Assessed

90SM0240A Sao Paulo VEJA in Portuguese
22 Aug 90 pp 88-90

[Text] From past experience, Brazilians know that international confusion in the realm of petroleum afflicts this country more intensely than others, especially because our native economy is not exactly a model of organization. To the Brazilian economy in its Zelia phase, convalescing from repairs that tinkered with the most sensitive parts of its structure, Iraq's invasion of Kuwait and the disappearance of the volume of oil produced by the two countries were, at first, considered to be a potential disaster. It was feared that the disturbances in the price of the fuel would jiggle the tightrope on which the economists on the minister's team are walking. Last week, after the initial scare, an admirable serenity reigned in Zelia's ministry and in the adjacent buildings. The administration is alert to the problems in the Gulf, the international price quotations per barrel of oil, and studying the best way to hold back the soaring rocket, but no one among those most directly responsible for the care and feeding of the economy was afraid that the economic reform would be wrecked. However, that does not mean that the threat of a disaster has been exorcised.

"The situation is cause for concern, but will not cause serious imbalances," Secretary of Economic Policy Antonio Kandir said last Friday. "We have already steered clear of the rocks of hyperinflation and depression." Experts at the Ministry of the Economy are operating under two hypotheses regarding international petroleum prices. As the government sees it, the most likely scenario features a stabilization of prices at the $20 per barrel level. In that case, there will be a second correction on top of last week's 8.9 percent readjustment in the price of fuels, then things would stop there. Under the more pessimistic scenario, the price of oil would rise above the $20 mark and not come down again. The government would then adopt what is termed "the contingency sale of fuels," a kind of rationing under which those who need the product most can purchase it in larger quantities. For example, a taxi driver would be given a bigger quota than a dentist would get. At least for the moment, the government is not contemplating closing the gas stations on weekends, a ploy that has proved ineffective in the past.

Rationing, a contingency system, or whatever name might be tacked onto such restrictions entails risks at both the wholesale and retail levels. On the wholesale plane, scarcity and an increase in the price of the fuel would hurt the economy as a whole, slowing both production and commerce and, as a result, put Brazil on the road to a recession. The most obvious danger at the retail level is the creation of a black market by the trading of quotas between the more fortunate and the less favored: the taxi driver would resell his gasoline to the dentist at a premium and pocket the difference. There is another, new, aspect of this latest version of the consumption squeeze. The screws would be tightened in a month when the country exports less—and receives fewer dollars—and loosened in a month of good fortune on the foreign market. By tying consumption to the trade balance, the government would keep its dollar reserves in balance.

Bubble of Speculation

The explanation for the serenity in Brasilia has its explanation in the current profile of this third petroleum shock. According to last week's figures, the oil problem does not look anywhere near as thorny as it was during the 1973 and 1979 shocks. After all, the price of oil did not double overnight. In January 1974, at the time of the first shock, the price of a barrel jumped 113 percent in just one month. During the second shock, in 1979, the spurt was more than 90 percent. This time the rise was 40 percent, and differed in nature from the previous price surges. "What has been created, so far, is a bubble of speculation, not a deeper problem for the world economy," Professor Eli Roberto Pelin, a University of Sao Paulo (USP) specialist in energy said last week. Even if the crisis intensifies, and the price of oil climbs further, Brazil will not suffer as hard a fall as it did in the 1970's. Today the country produces 60 percent of the oil it consumes. In 1973, it was producing only 20 percent. Furthermore, Brazil has more room to expand its production. "By 1995, Petrobras will be able to produce 80 percent of the petroleum consumed in this country," promises company president Luis Octavio da Motta Veiga. To get that extra petroleum, the country would

have to invest $1.8 billion and bring into production one of its gigantic reserves—such as the Marlim field in Rio de Janeiro.

Seen from its mathematical aspects, the petroleum noose is not tight enough to strangle Brazil's accounts. According to some calculations made last week, the Brazilian Government would spend an additional $1 billion on petroleum imports if the world price of the product were to stabilize at about $20 per barrel. "That is not a disastrous outlay," says Prof. Carlos Alberto Primo Braga, a specialist in international economics. The country now has $8 billion on hand—a nest egg largely accumulated from the money it failed to pay to its overseas creditors. Since there is not the least sign that Brazil is going to use those dollars to pay what it owes, it could perfectly well spend them on the Rotterdam market, or at some other supplier's store, without doing much harm to its coffers.

Unpaid Bill

The specific problem that Iraq poses for Brazil is of a different nature. The Brazilian economy has undergone a complex and far-reaching reform that, obviously, could not have anticipated the rise in the price of oil. The economic shock treatment administered in March succeeded in shaking up the economy, which is still unsteady on its feet. It is at this point that higher prices per barrel could become a complicating factor. The Brazilian Government confiscated cruzados and is heavy-handedly controlling the liquidity in the economy. It opened the country up to imports and blew up the financial merry-go-round—all this in order to bring down inflation and shrink its chronic public deficit. If it were not for Baghdad, the country would be in seventh heaven, or at least halfway there. On Wednesday, FIPE [the Economic Research Institute Foundation] in Sao Paulo announced that inflation had retreated for the third consecutive week, and the National Treasury is still racking up surplus after surplus. The petroleum pinprick has let some air out of that balloon.

Even if the optimistic forecast under which prices would come to roost at $20 comes true, the government would still have problems in the area of inflation. One way or another it will have to pass the higher world price on to domestic prices of gasoline, diesel fuel, cooking gas, and naphtha, which is used to make plastics. "The external price has to be felt at the gas pump. It may hurt, but I see no alternative," says Motta Veiga, of Petrobras. There is an alternative. The government can do what it did in 1973 and 1979: subsidize consumption by buying oil at a high price and selling it cheaply to appease the inflationary forces. But in that direction lies a potentially even bigger disaster, because that tactic would bankrupt the National Treasury. In the previous shocks, this absurdity was paid for by foreign loans. Result: the bill is still unpaid. "During the 1973 crisis, the Japanese immediately passed the price increases on to the domestic prices. Japan went into a recession, but came out cured. Brazil tried to protect its economy, and ended up in debt," says Prof. Normal Gall, director of the Fernand Braudel Institute of International Economics, in Sao Paulo.

The way things look, it is reasonable to assume that the government will not repeat that strategy. Even if it wanted to, it would not find a banker willing to disburse funds to subsidize Brazilian motorists. Economists recommend going along with international price trends and putting up with a reheating of inflationary pressure. The challenge for the government at this point is to prevent the readjustments in oil prices from contaminating all the other prices in the Brazilian economy, and that will be one more test for the economic team. It will have to face up not only to Brazilian business's time-honored custom of indiscriminately hiking prices when the price of one input goes up, but also the very structure of Brazilian industry itself. Today, our industry depends much more heavily on petroleum derivatives than in the past. In 1973, the country was consuming 150,000 tons of plastic, the raw material of which is naphtha, a gas extracted from petroleum. Today, consumption has reached 1.5 million tons, and one encounters few products in daily life that do not contain at least one plastic component.

So, one of the serious petroleum problems will land in the lap of the petrochemical industrial hubs established in Brazil between 1978 and 1982. Camacari, in Bahia, and Triunfo, in Rio Grande do Sul—for example—are major producers of manufacturer inputs. The price of naphtha in Brazil last Friday was $120 a ton, while the world market had already climbed to $200 a ton. Last week the Iraq crisis finally rekindled an old debate: the issue of Proalcool [the Alcohol Production Program], built in the 1970's to give Brazil an alternative to petroleum. In recent years, Proalcool has been being dismantled, because oil prices have been low. Last week, the price of a barrel of petroleum was practically the same as the price of a barrel of alcohol. "This proves that it would be stupid to alter Proalcool," said Werther Annicchino, president of Copersucar [Sao Paulo Cooperative of Sugar and Alcohol Producers].

Chile

Report Issued on 11 Sep Anniversary Activities

PY1209013290 Santiago Domestic Service in Spanish 2300 GMT 11 Sep 90

[Text] The first police report on the outcome of the 11 September celebrations in Santiago today states that one person sustained a bullet wound and at least 100 people were arrested. The most serious incidents took place at the General Cemetery where carabineros were forced to use tear gas grenades. Luis Rodriguez, 28, sustained a bullet wound there. Moreover, eight people were detained for disrupting public order.

Ceremonies held to recall the 11 September events had opposite characteristics today, taking into account the places where these ceremonies were held.

At La Moneda Palace, a religious ceremony was held in honor of those who died on 11 September 1973. A call was made to the Almighty God to build a country where peace, unity, and love will prevail because we are all builders of our society. Interior Minister Enrique Krauss presided over the ceremony, which all ministers of state attended.

A similar ceremony was held at the military academy, where a prayer was said for those who died on 11 September. This ceremony was presided over by Army Commander General Augusto Pinochet. All Army commanders were also present.

Upon receiving compliments at his private residence, General Pinochet stated that the government he led fulfilled the objective of restoring democracy and the country's economy.

Similar ceremonies were held in different armed forces and police units throughout the country. In Santiago, Carabineros recalled their martyrs in a ceremony held at the noncommissioned officers school, chaired by Carabineros Director Rodolfo Stange.

The Navy commemorated this date with an internal ceremony held at the weapons school in Vina del Mar. Navy Commander Admiral Jorge Hernan Martinez Busch spoke on the occasion.

The Radical Party, however, criticized the 11 September celebrations and stated that history will judge the events during the Popular Unity government. The Radical party also criticized those who staged demonstrations because they are not in line with the challenges posed by history to our country.

The group of relatives of missing detainees headed by Deputy Andres Aylwin, in his role as president of the Constitution, Legislation, and Justice Commission, marched to the place where the missing people are believed to be buried.

The Independent Democratic Union, UDI, reported through Deputy Carlos Recondo, that September 1973 was characterized by an economic and social disaster, and that internal coexistence had reached a level where the only solution was to request the intervention of the Armed Forces and the police to make the country walk again on the path it should have never abandoned.

However, Volodia Teitelboim, Communist Party of Chile secretary general, stated that celebrating 11 September means hoping for a new 11 September. He again demanded the resignation of Army Commander General Augusto Pinochet Ugarte.

PCI Rejects Sanctions Against Guastavino, Leal

PY1209031490 Santiago LA SEGUNDA in Spanish 5 Sep 90 p 12

[Excerpts] The Italian Communist Party [PCI] has sent a letter to the Communist Party of Chile [PCCh] Central Committee expressing its total disagreement with and rejection of the sanctions imposed on communist leaders Luis Guastavino and Antonio Leal. [passage omitted]

Antonio Leal, one of the two communist leaders sanctioned by the PCCh Central Committee, emphasized the seriousness of the contents of the PCI letter. He noted that this is the first time a communist party—"in this case the Western Hemisphere communist party that has expressed the most solidarity with Chile"—has publicly protested to the PCCh leadership in Chile.

Cuban Ministers Say No Arms Supplied to Groups

PY1209020290 Santiago LA TERCERA DE LA HORA in Spanish 3 Sep 90 p 13

[Excerpts] Cuba maintains friendly ties with the revolutionary groups that exist in Chile, but it does not supply them with arms nor does it incite movements such as the Manuel Rodriguez Patriotic Front [FPMR] or the Lautaro Movement, which are the ones that publicly claim responsibility for armed actions in the country.

These remarks were made by Cuban Culture Minister Armando Hart and Cuban Education Minister Jose Ramon Fernandez, who are now in Santiago for the funeral of former President Salvador Allende. The Cuban ministers talked to LA TERCERA DE LA HORA at the San Francisco Hotel where they will be lodged during their stay this week. [passage omitted]

There is doubt in Chile on whether Cuba supports armed methods such as those used by the FPMR or the Lautaro Movement, which claim responsibility for armed actions. First, there is doubt on whether there is concrete support or whether there is a sort of moral support.

Minister Hart said the following: "Before and after the UP [Popular Unity] government, we pursued a policy based on principles. There is a historical fact: Before the Allende government, when the Christian Democrats were in power, we always supported an electoral process in Chile... We had a very close relationship with President Allende. Now, we have supported the plebiscite, the democratization process, and we continue pursuing this path based on principles. If the Chileans have chosen this path, we cannot create other types of difficulties for them. What about getting ourselves involved? That is a matter concerning Chileans alone and, in this matter, there is no relationship between these or those events."

[LA TERCERA DE LA HORA] Not with those events, but with those groups...

[Hart] "We have friendly ties with all groups—loyalty and friendship with all revolutionary groups that are

here and with the progressive groups—but we have no ties with the events themselves."

[LA TERCERA DE LA HORA] With the groups and with arms, not with isolated events...

[Hart] "No. I am telling you that we pursue a policy based on principles. I even believe that the people who could pursue that path perfectly understand that we cannot have that sort of commitment."

Upon the conclusion of Minister Hart's response, Education Minister Jose Fernandez wanted to add his own opinion.

"I can specifically say that Cuba does not give any armed support to any of the groups or sectors that exist in Chilean society," Fernandez said.

Netherlands Donates $23 Million for Programs

PY1209023890 Santiago LA SEGUNDA in Spanish 3 Sep 90 p 12

[Excerpt] Planning and Cooperation Minister Sergio Molina met with Dutch Cooperation and Development Minister Jan Pronk for more than one hour this morning.

During a chat with LA SEGUNDA after the meeting, Minister Pronk reported on the development program that has been started with Chile through the Mideplan [expansion unknown]. He indicated that continuation of the 1990-91 Dutch program had been discussed.

He reported that his country will donate 40 million florins, approximately $23 million, for social, agricultural and human rights programs.

Pronk also indicated that he and experts from his ministry, who are also in the country, will hold a series of meetings with Chilean representatives in order to "hurry up the implementation of decisions on the donation." [passage omitted]

* Immigration From Neighboring Countries Rising

90SM0228C Santiago QUE PASA in Spanish 2 Aug 90 pp 35-37

[Text]**The Passengers of the Crisis**

When President Alberto Fujimori inherited Peru's moribund economy from Alan Garcia last week, he announced a series of bitter measures that will surely prompt many Peruvians to travel an increasingly congested route: the one to the Chilean border.

"For the last seven months in Lima there was not a single week in which we had electricity for a whole day," says Erika Haeberle, a 26-year old unmarried woman who immigrated to Chile in May because of the crisis. "And the violence has not yet reached its peak in Peru either," she adds. The young woman, a linguist, has no plans to return, like so many of her fellow Peruvians.

Erika's main reason for leaving was terrorism. In contrast, in the case of 44-year old Jose Miguel Rosas, who is married, it was frustration with the entire system. He has left Peru twice. In 1975, he found himself out of a job overnight because General Juan Velasco Alvarado had nationalized his fishing firm. He returned to his country in late 1981 with renewed hope of starting another fishing business. He worked hard for several years to build one up. In 1987, however, after having completed all of the administrative formalities required of him, he came up against the international banks' boycott of Peru resulting from Alan Garcia's stand on the country's foreign debt. "No foreign bank had credit lines open with Peru. I had all the intis I needed to start my business, but our banking system did not have access to the international market to make the essential imports."

Garcia's announcement of the bank nationalization in July 1987 was the coup de grace. "The little confidence that businessmen still had was lost at that point," Rosas adds. Emilio Pesqueira, 34, the owner of the successful Peruvian restaurant "El Otro Sitio" in the Bellavista district, feels the same way. "Terrorism was around from before. Until then the economy was holding out, with ups and downs. But Garcia's announcement triggered the debacle."

Tired of living amid permanent political and economic chaos, thousands of Peruvians want to leave their country. Lima, the capital city of close to seven million people, is becoming increasingly uninhabitable. Daily electric-power cutoffs and shortages of water and basic items are everyday facts of life for Lima residents. An unstable currency and runaway inflation that last year topped 2,500 percent are the obvious symptoms of a moribund economy. The only thriving sector is the production of basic cocaine paste, of which Peru is the world's largest producer. Terrorist violence has claimed almost 20,000 victims, most of them civilians, over the past decade.

Long lines outside consulates are a regular feature in Peru's cities. And in several other Latin American countries as well.

Those who cannot leave struggle to survive amid high unemployment rates and low wages. The underground economy is spreading, kindling people's imagination about new "businesses." Many "turn a profit" by selling their place in line outside the diplomatic legations. This is their way of coping with a difficult situation. In contrast, loss of confidence in their countries' ability to solve their problems has forced others to look overseas. More and more people every day opt to emigrate in search of a better future.

They turn their eyes first to the northern hemisphere. The United States and Europe are the most sought after spots Between September 1989 and May of this year, in fact, more than 500,000 Peruvians applied for U.S. visas.

The exodus among Argentines is comparable. The numbers are overwhelming. Requests for passports have tripled. Lines form outside the consulates of Italy and Spain 24 hours before they begin to serve the public, as more than 500 persons in a single day are attended to.

Most head for the United States. Over the past five years 280,000 Argentines have emigrated there. Many others choose the Old Continent because they have family there. Eighty percent of those who decide to risk this path are the children, grandchildren, or great-grandchildren of European immigrants who arrived in Argentina around the turn of the century. These descendants of Spaniards and Italians, citing the jus sanguinis, are requesting dual citizenship. More than 120,000 Argentines have left for Europe over the past five years.

But the going has become increasingly rough for would-be emigrants, even to obtain tourist visas. This has prompted changes in the flows of emigration. Now they are crossing not the Atlantic, but the Andes, on their way to Chile.

The head of the Aliens Department of the Interior Ministry, Patricia Bahamondes, acknowledges that a veritable flood of Argentines and Peruvians are requesting temporary-resident visas as contract workers or student visas. But many are also coming in as tourists to check things out and look into the possibility of settling here.

The figures confirm this. The total number of visas granted to Peruvians is rising year after year. In 1989 they were up 12 percent from the year before. And as of this June they were already up 14 percent. The same is true for Argentines. So far, visas are up 23 percent from last year.

From 1985 to date the number of Chilean residency visas has doubled. However, Horacio Wood, the director of consular policy at the Foreign Ministry, downplays this flood somewhat. The phenomenon is cyclical in the case of Argentina, he clarifies. Sometimes it favors Chile and other times Argentina. He does acknowledge that Argentine businessmen are showing mounting interest in setting up shop in our country because of its export facilities. "Ninety percent of the people who make a move do so for economic reasons," he asserts.

The Chilean Consulate in Buenos Aires receives more than 300 requests for information a day. Most are from young professionals seeking a better future and higher pay. A scientific researcher in Buenos Aires makes just $200, for example, whereas in Chile he can make $700.

Guillermo Levi, an Argentine who needs to pass two exams to receive his engineering degree, arrived here three months ago as a tourist. He found work with a computer firm and is now regularizing his situation because he plans to settle here. "This country's economy is in very good shape."

Better expectations are what attract young people. German Vivanco, a 26-year old industrial engineer, along with two other Peruvians, a Bolivian, and two Chileans, has started an international grain-marketing business. He left Peru three years ago as an employee of a foreign firm. He decided to go into business for himself in Chile because he felt that he "had an excellent opportunity to start over in this country."

Aside from the climate of insecurity that prompted her to emigrate, Erika Haeberle acknowledges economic motives as well. "In my field, linguistics, I had no real chance to work or to grow professionally because so many high-level people are leaving Peruvian universities." Her two brothers are studying and working in Germany, but she preferred Chile. Late last year on her vacation she visited a cousin who is studying here and liked the country. "Besides, in Peru I would be making a token salary. I would have no chance to go into business for myself." As of last Monday she has been working in an attorney's office in Santiago.

The opportunity to develop a business is a factor that has attracted other Peruvians. "In February 1988 Chile was far and away the best choice in Latin America," says Jose Miguel Rosas. It was ultimately in Chile that he succeeded in realizing his dream of starting another fishing company in partnership with Chilean businessmen.

The owners of a 24-hour ice-cream parlor in Providencia were reluctant to talk. The proprietor is Miguel Angel Mufarech, the son of a Peruvian lawmaker who was waiting for his term to end and, they said, was going to settle in Chile. His wife and the rest of his family are already living here.

Officials of both the Foreign Ministry and the Aliens Department contend that Chile's immigration policy has not changed. Obviously, though, given the increased demand, the country is stricter about granting visas. Patricia Bahamondes says that every country has the option of accepting or rejecting a given application. The aim is for the people who are let in to benefit the country. Therefore, businessmen must document their capital and the investments they are going to make. In the case of specialists who are not to be found in Chile, a letter from the company hiring them is required.

One of the government's concerns is to prevent unskilled workers who may take jobs away from Chileans from entering. The International Police has been conducting effective checkups for the past two years. They visit all sorts of businesses, both by day and by night, to check on foreign workers. The monitoring is tightest in Santiago, where the biggest flow arrives, and in Arica because of its location.

Many Argentines are known to work as employees in stores and garment factories, tailors, grill cooks, and waitresses. Given their status, their wages are lower than those of Chileans.

Once they have been identified, they are summoned to police headquarters and reported to the intendancy, which fines both the employer and the alien. The latter is told that as a tourist he is not allowed to work and that he must leave the country unless he applies at the Aliens Department for a "work card," which is good for 30 days, is granted in very special cases, and is extended only rarely.

The law also penalizes an employer who hires an illegal alien or one who entered as a tourist. The fine can be as much as three times the salary he paid his illegal worker.

Although Chile still offers its much publicized hospitality, the government, as Patricia Bahamondes says, has "a responsibility to protect job sources for Chilean workers. All countries do that."

* Corfo Measures Stymie Privatization

90SM0228B Santiago EL MERCURIO in Spanish
5 Aug 90 p b-1

[Article by Andres Benitez P.]

[Text] "Selling shares at book value is one of the many precautionary measures that we have taken in defense of the government's interest," the vice president of Corfo [Production Development Corporation], Rene Abeliuk, indicated recently.

No, this is not a joke. Faced with an "obligation" to put a group of state-run enterprises up for sale, an obligation arising from a miscellaneous law passed last year, Corfo has erected as many obstacles as it can to achieve its main goal: to put them up for sale but not to sell them.

In the first place it is offering the shares of the enterprises in question at their book value, which is two and three times higher than what they are selling for on the stock market. This is nothing new in Corfo, which for some time has been in a real "trauma" over this approach. Not long ago, in fact, the authorities in this agency made public a document that mentioned the losses that the State posted during the previous government because of privatizations. They were estimated by calculating the difference between the book value of the shares and the price at which they had actually been sold, in other words, their economic value.

Now then, the same authorities are contradicting themselves today by acknowledging that offering shares at their book value is a clear-cut disincentive for their sale. In other words, since they do not wish to privatize, they are using this price as a benchmark.

But this is not the only obstacle. The shares will also be sold for cash and without special terms. Corfo thus hopes to see to it that no one even thinks about buying, the vice president explains.

"Given the safeguards imposed on this privatization process, there will very likely be no interest at all, and accordingly the problem will be minimal," indicated Abeliuk.

It would be interesting to know what problem the Corfo vice president sees in privatizations. So far his position has been purely ideological, as he has used arguments such as the defense of government interests and preventing the enterprises from falling into the hands of business groups, among others.

The president of Sofofa [Industrial Development Association], Fernando Aguero, was very clear about this: "The move was made for ideological reasons, without any technical backing."

The truth is that technical backing is indeed hard to find. Chile's experience has been conclusive, and few could argue that the privatizations have been harmful to the country. On the contrary, they largely explain the gains that the economy has made in recent years.

To illustrate the point we can take the case of the Chilean Telephone Company (CTC), which has a $2 billion expansion plan on tap for the coming years in an effort to improve the country's telecommunications service. It has thus turned to quite bold methods of financing, such as recently placing shares on the New York Stock Exchange. It thus became not only the first Chilean company on the world's largest stock market but also the first Latin American company to be quoted there in many years.

The immediate result was more than $90 million in funding; moreover, the transaction has also opened up the possibility of utilizing other instruments that the international financial market has to offer, and at a cost that for the most part is lower than in Chile.

Would all this have been possible if the CTC had remained in government hands?

ENDESA [National Electric Company, Inc] is another illustrative example. The company has just announced a thorough-going plan to modernize its management in an effort to achieve greater efficiency in its operations. Concurrently, it is looking into a 10-year, $3 billion investment program that will enable it to more than double the value of its current assets, which are estimated today at $2.5 billion.

There are many such examples, and they all show that when an enterprise is privatized, it definitely "changes its colors," especially as far as investment is concerned. The government clearly could not have spurred investment programs like these.

Other countries see the problem clearly. Mexico is a good example. The president of Mexico, Carlos Salinas de Gortari, has been a strong advocate of privatization as a way of securing funds to meet social needs.

In an interview with EL MERCURIO he cited a good example of this point: "While I was flying back from a swing through several cities in the country on one of the planes of the Mexican airline, I noticed that people's main demands had to do with improving education, health care, the social-security system, and others. Of course no one asked me when we were going to revamp the aircraft fleet. So I thought that the solution was clear: let's sell the planes so we can finance what people want."

Another good example of this process arose with the sale of the Mexican Telephone Company. The chief executive noted: "When I got to the headquarters of the company union, the atmosphere was quite hostile. I explained to them that the company's main objective was to grow, that that was the only way they could generate more funds, more jobs, and better wages. Well, the required expansion plan was so big that the State would have had to allocate as much funding as was needed to reform the educational system, which didn't make any sense at all." The privatization was approved unanimously by the 50,000 workers.

Against the Grain

The Mexican president's logic would not seem to have much validity in our country today. In fact, Corfo recently refused "to sell the planes" when it broke its promise to sell off its last block of stock in Lan-Chile. Since it could not afford to help boost the company's capital either, it eventually negotiated the sale of its block so that it could retain a percentage of the shares.

At this juncture Chile is clearly going against the grain on this issue, inasmuch as there are no technical reasons and the ideological ones seem to be disappearing as well. Privatization is, in fact, a worldwide phenomenon, one in which our country was a pacesetter. Today, while several neighboring countries are following our example, we have decided to quit. Could it be that we like to be copied?

What Do People Want?

The Corfo vice president made the announcement about the obstacles to selling off enterprises at a meeting with officials of the Emos and Esval companies, who voiced their worries over the privatization process involving the two.

At the close of the meeting, when they realized what sort of offer Corfo was making, the officials said that they were calmer, "but worried all the same."

Juan Garces, who represents the workers of Emos and Esval, stated that the workers in the two companies would closely monitor the process that is under way and would defend State ownership of the companies. He appealed to public-sector workers not to heed this privatization call and not to buy shares in the companies.

His appeal will probably be successful, but for strictly financial, not ideological reasons. No one is prepared to pay two or three times the market price.

The situation does point up one interesting thing, however. Corfo must have detected some interest on the part of the employees in buying up the stock, because otherwise it would not have had to erect so many obstacles to the sale. In other words, the idea of "protecting State property" does not seem to be that strong in the workers' minds when they have a chance to buy some of it.

In spite of this, the employees in some state-run enterprises are likely bothered by the thought of moving over into the private sector. There could be many reasons, such as the uncertainty about job security that any change in a company's ownership causes. The other possibility is that they are afraid of losing "abnormal benefits," which would be abolished in the event that the company is run privately. So then, if the latter is the case, the country would do well to sell off state-run enterprises, because any additional benefit for one sector is paid for by all Chileans. And President Aylwin made that quite clear during his recent visit to Chuquicamata.

Have the Workers Been Duped?

When all is said and done, it does not seem as though support for the idea of halting the privatizations is that strong. What we are hearing, rather, seems to be the voice of just a few...very well placed individuals.

One example of this is the recent complaints by Deputy Juan Carlos Latorre, who asserted that Enersis S.A., "through complicated maneuvers and after duping workers and engineers," managed to get control of Chilectra. He went on to say that the establishment of Chilectra affiliates has had "dire consequences."

What Deputy Latorre never imagined was that his remarks would strike so unresponsive a chord among the people who had been "duped": the Enersis workers.

In a public statement close to 2,000 employees of the firm voiced their "complete rejection of Mr. Latorre's claims and assumptions about the fact that a large number of us workers became shareholders in our workplace through grassroots capitalism."

The statement adds that the politician's remarks "reflect an anachronistic ignorance of Chilean workers and their current maturity, in assuming that they had been duped by the enterprise that to a large extent they own, and they bear witness to an insolent disrespect for those who have succeeded in becoming owners without any sort of tutelage."

As for the "dire consequences" of establishing Chilectra affiliates, the workers assert that "unfortunately Deputy Latorre is unaware that our company, since privatization, has become a source of jobs, having expanded its payroll by 1,015 workers from 1982 to 1990. We can say

the same thing about investments in electric-power infrastructure projects for the Metropolitan Region. During the period prior to privatization investment averaged $12 million a year, whereas over the past five years it has increased annually to an average of $25 million."

So then, the voice of the "duped" Enersis workers may also be the voice of the workers at Emos, Esval, Enacar [National Coal Enterprise], Colbun, and Edelnor, if Corfo were not determined to go against the grain.

Instead of erecting obstacles, why does it not allow the workers to decide for themselves whether they want to become shareholders in their companies?

* Political Prisoners View Judicial Reform Laws

90SM0228A Santiago EL MERCURIO in Spanish
5 Aug 90 pp d-1, d-5

[Article by Maria Angelica de Luigi]

[Text] Ladling out bread-dough stew in a shed at the Public Jail, between one inmate from the Autonomous Front and another from "Lautaro," we learned that no one description fits all of the so-called political prisoners. They have seven "organized groups" [organicas], ranging from socialists to the Lautaros, and including communists, MIR [Movement of the Revolutionary Left] United Left, MIR Pascal, the Manuel Rodriguez Front (FMR), and the Autonomous Front.

They are grouped together under two coordinating boards: a "moderate" one directed by communist physician Pedro Marin, which includes activists of the PC [Communist Party, PS [Socialist Party], MIR United Left, and the Manuel Rodriguez Front, and a "hard-line" one, led by Vasily Carrillo, which comprises the Autonomous Front, MIR Pascal, and Lautaro.

Which ones are in the majority, the moderates or the hard-liners? They both say it is fifty-fifty.

The 'Nuisance' of the Cumplido Laws

Showing us their two-story cells (the bed on top, and a living room-kitchen down below), they told us that in January there were 435 of them. Today there are 263 left, because 43 escaped, another 40 or so were pardoned by the government, and the rest are out on parole or were released for lack of evidence. The prisoners remaining in Santiago are divided among the Public Jail (107), the Penitentiary (25), and the women's annex on Santo Domingo Street (14).

None of them burst with joy when we asked about the Cumplido laws, which the House passed this week at a session that lasted until 0500 hours, even though this legislation would mean, if enacted into law, freedom for almost two-thirds of them.

They are not enthusiastic about it, they explained to us, because 70 of them would still be in prison awaiting sentencing. Seventy who have been promised freedom (by the government and the parties of the Coalition, they say) through fresh pardons, banishments, or paroles.

They do not find this "arrangement" suitable, because what they wanted and asked the government and the Coalition for was "an exculpatory law, a law that taking the historical circumstances in which we acted into account, would open up the jails and establish that we political prisoners have not committed any crime."

But this did not come about because, they say, "neither the government nor the Coalition had the political will. And we had to accept the bothersome and traumatic processing of these Cumplido laws, by making suggestions for the bill, which Deputy Andres Aylwin and attorney Jose Galiano consulted on directly with us."

A week ago, after four and one-half months of procedural red tape, they staged a "takeover" in various jails so as "to alert the nation's conscience to the frivolity and insensitivity of several members of Congress. The committee meetings could not fail just because the deputies failed to show up," remarked the inmates' spokesman, Jorge Martinez, who got caught in the hole through which some inmates escaped last January.

"They are forgetting that so many comrades who have been unjustly charged in clearly irregular and unfair trials are in prison," says the PC's Pedro Marin, who is accused of giving medical assistance to one of the people involved in the attempt on Pinochet's life.

Are they all innocent? "No," Marin admits, "some comrades claim responsibility for resolute actions against the dictatorship."

Proud Combatants

The biggest trials link the current prisoners to incidents such as the attack on General Pinochet (more than 20 of them); the arsenals (more than 30); the murder of Intendant Carol Urzua (four inmates); the attack on the town of Los Quenes (15), and the kidnapping of Colonel Carreno...

None of them will accept the label "terrorist," however. "I do not consider myself a terrorist," says Higinio Espergue, 39, a member of the MIR Pascal who was arrested seven years ago on charges of taking part in the holdup of the Banco del Estado in Faro de Apoquindo. The government has requested a 10-year sentence for him for the illegal ownership and possession of a weapon, and the second military prosecutor's office has asked for an 81-year sentence.

Espergue says: "I am proud of having fought the dictatorship and having exercised my right to rebel."

When asked what he regards as a terrorist act, he quotes from memory the definition approved by the House: an action "designed to cause terror" and "indiscriminate damage."

He asserts that he and his companions have not done that: "When we have taken military action," Espergue says, "it has been selective and for a political purpose, while respecting the lives of innocent citizens. We have struck at, attacked, and administered justice to those who have engaged in State terrorism."

Richard Ledesma, a 25-year old carpenter from the Autonomous Front, does not accept the terrorist label either: "As Comrade Espergue says, I feel proud, like all of the combatants who are jailed," he says, even though he is on trial for the attack on Los Quenes and a request for the death penalty has been filed in lower court his murder of a Carabinero.

Don't they consider the murder of a Carabinero a terrorist act either? Hector Irrazaval, a 34-year old teacher and member of the Lautaro group, replies:

"It is not terrorism because it occurs in a confrontation with armed personnel who are trained to oppress the people as part of a war strategy." Irrazaval, who is also charged with murdering a Carabinero in the Joao Goulart shantytown, has been behind bars for 10 months; he adds:

"We are social strugglers. Terrorism is something else. It is violence employed indiscriminately against unarmed people, without respecting any sort of standards in a confrontation. It is the State terrorism we experienced under the dictatorship."

But hasn't the MIR engaged in terrorism also?

"The MIR has never executed Carabineros or troops indiscriminately. If some of them got killed, it was because they tried to defend something or engaged in confrontation. Moreover, when the MIR executed people, it chose prominent figures in the repression of the people," Espergue asserts.

"The Armed Option"

The differences between the hard-liners and the moderates are more marked when it comes to their attitude towards the current government. The "hard-liners" are not pledging to put away their weapons during Patricio Aylwin's administration:

"We took up arms against the state of war that was declared against the people," says Irrazaval from "Lautaro," and until those conditions change, until this armed apparatus is no longer used against the people, the armed option remains valid. It remains valid to the extent that the legal and institutional foundations for repressing the people do not change."

The Autonomous Front's Ledesma is of the same opinion. "I would add to what my comrade has said that as long as there is a model that pursues economic terrorism and condemns our people to poverty, the armed struggle remains valid. Especially since the current government is incapable of making the sweeping changes that the country requires, the armed struggle remains a valid strategy that we will keep on using."

"The MIR Pascal," Espergue says, "feels that military action is always going to be dictated by the political and social conditions in the country. As for the current government, we feel that today the fundamental thing is the struggle of the masses, the people's struggle for their grievances. The armed struggle is going to exist to the extent that the people's grievances are not met. We ask: Are the Armed Forces going to stage another military coup in Chile? Until there are guarantees that the changes are going to be sweeping, a confrontation is always going to be called for."

Vasily Carrillo, the spokesman of the Autonomous Front who is charged with involvement in the attempt on the president's life and for whom a 30-year sentence has been requested, also denies that his group's actions constitute "terror." "They are patriotic actions," he asserts, including among them the attempts on the lives of Generals Leigh and Ruiz and the murder of Colonel Fontaine, for which his group claims responsibility. Are such actions going to continue?

"If this government establishes the mechanisms to try and punish the criminals, there will be no reason for us to use arms..."

Release Without Promises

This is the "hard-line" sector.

How do they expect the members of Congress to pass laws releasing them if they continue to legitimize the armed struggle under a democracy? They do not sidestep the question:

"In the first place," replies the "Lautaro" leader, "I am not begging for anyone's freedom. None of the other political prisoners is either. We feel that we are entitled to be released. The democratic process that we are living through means restoring justice in our country, and justice entails the release of those of us who have been steadfastly determined to create the possibility of change in whatever way we could."

Shouldn't you at least promise not to employ violence anymore?

"The attitude that political prisoners may adopt is a matter of conscience. Because otherwise you would have to ask whether the people who engaged in genocide against this country under the previous government can continue to take part in this country's social and political life, depending on what their future intentions might be."

They add that whether armed groups survive or disappear in Chile is "a decision that is up to the people. If the people reject armed actions, that will be seen in the future with the disappearance, discrediting, and isolation of the groups that hold to this line. But it will be a decision of the people."

Carrillo asserts that "I am not a danger to society. The people who staged the coup d'etat and pursued a policy of extermination in our country are dangers. Just look at the clandestine graves that are turning up now..."

Support for Democratic System

The position of the other half, the "moderates," is quite different.

They think "highly" of President Aylwin's performance. Francisco Escobar (who is from the FMR, Buschmann faction, the group that claims responsibility for the attempt on Pinochet's life and the smuggling in of weapons), says: "We openly support the democratic process."

Nevertheless, they were annoyed by the president's remark in Brazil to the effect that "no one in Chile is in prison for solely political reasons."

"I think that the president ought to change his attitude," says physician Pedro Marin, who has been in the Public Jail for four years, "because it means repudiating all of the work that his brother (Deputy Andres Aylwin) has done. And it also means denying the legacy of the dictatorship."

The moderates have worked actively to get the Cumplido laws passed. And they have now started a "sensitizing" campaign among the senators so that the bill becomes law. "We have invited all the senators, all of them, including the ones from RN [National Renewal], UDI [Independent Democratic Union], and the designates, to familiarize themselves with and understand our position. We have not received a response," says Marin.

The physician, who chairs the coordinating board of the moderates, has a different justification for the violence employed during the previous government: "It was to survive in the face of a policy of extermination." He adds that "most of the prisoners want to rejoin society under democracy" and that "if there are comrades who still hold strong and inconsistent positions, they are going to change them as they see how this new society is operating under democracy."

Marin also asserts that "there is a right-wing campaign against the political prisoners, and it has provoked the strong statements that some comrades are making, a campaign to prevent our problem from being settled."

As for some groups continuing the armed struggle during the current administration, Marin states clearly that "we do not share that position." Jorge Martinez, also a communist, who has been the "overseas" spokesman of the prisoners since he was paroled, adds:

"No one should use arms against this government. That is an attack on the transition to democracy. We must respect the paths that our people have chosen. No one has the right to take justice into his own hands."

Francisco Escobar (24 years of age, for whom a nine-year sentence has been requested for possession of weapons and explosives and the formation of combat groups) adds on behalf of the Manuel Rodriguez Front: "The armed struggle was a contribution to ending the dictatorship. We are not proposing to put down our arms today, but since Aylwin took office our position has been to protect the democratic process in order to put an end to Pinochet's power. Only if it becomes necessary again will we make use of our legitimate right to rebel. But we think that the democratic government has to be given some time."

No "Framework" Accords

There is no difference of opinion among the prisoners in their opposition to the administration and the Coalition signing the famous "framework accord" in the Senate in order to pass these laws. This accord also benefits the perpetrators of humanrights crimes.

"It would mean likening what we did to what the torturers and murderers did," says Higinio Espergue of the MIR Pascal. "Under no circumstances will we accept that. Never."

"We are not going to compromise when it comes to our people's blood," he adds.

"We are in jail. But the torturers have gone unpunished. We are not going to accept a political accord that benefits them," says Richard Ledesma of the so-called Autonomous Front.

And Marin (who charges that he was sexually assaulted by one of his torturers) hammers the point home: "To us the framework accord is immoral. I cannot accept the idea that my torturers will go unpunished in exchange for my release."

What difference do they see between their excesses and other excesses in the use of violence? "We used weapons for liberation, and they used them to dominate the country for 16 years," Espergue says categorically.

'I am Not Leaving Here'

The Coalition congressmen are well aware that the prisoners are firmly opposed to the "framework accord." Some of them who are in favor of signing the accord in the Senate told EL MERCURIO: "What do we care about that? Political prisoners are not the ones doing the legislating in this country..."

In any event, the inmates' representatives again reaffirmed their position last Wednesday when during the vote on the Cumplido laws Coalition lawmakers tried to convince them that "a political negotiation would allow for the passage of the laws in the Senate."

What are they going to do if the famous accord is approved anyway?

"If they negotiate that, they will be held historically accountable to the country," says Richard Ledesma.

Vasily Carrillo of the Autonomous Front, who is at the Penitentiary, asserts that "the solution to our problem is predicated on a recognition that our struggle was legitimate and does not constitute a crime. Therefore, we do not accept the Cumplido laws, much less the 'framework accord.' It must be recognized, as a question of ethics, of principles, that we committed no crimes."

Wasn't even the attempt on General Pinochet's life a crime? (Carrillo is charged with being involved in it) "No. I consider that action legitimate, because if it were to be considered a crime, then the actions that the founding fathers took against the Spaniards would have to be considered crimes too."

He goes on to say: "Here in the Penitentiary we aren't going to agree to our release in exchange for the torturers going unpunished. If they come here today and tell me 'you're free thanks to the framework accord,' I won't leave here. How can they compare me to a State terrorist? Where are the CNI [National Information Center] or DINA [National Intelligence Directorate] officials who will stand up on TV, like me, and claim responsibility for torture and detained and missing persons, just as I, for example, claimed responsibility for the attack on Pinochet, the execution of Fontaine, or the attempted execution of Leigh?"

'Congressional Ambiguity'

The most "hard-line" political prisoners have harsh criticism for the Coalition's lawmakers: "As far as we are concerned, their attitude has been ambiguous and defensive," says Irrazaval from Lautaro.

He goes on to say that "we do not feel that the lawmakers have either the legitimacy or the moral standing to decide on our release. The fact is that they now have a historic opportunity to do what the people said at the ballot box. But they are not doing it."

He also thinks that "Congress is not by nature democratic because it is based on the 1980 Constitution. And there are important grassroots segments that are not represented in this Congress."

He does not even like what the Socialists have been doing, "because by trying to respect institutions that are illegitimate, they will not be able to do justice to major national problems."

As far as Pedro Marin is concerned also "there are Coalition lawmakers who are inconsistent and who are unaware of what is going on in the prisons. They ought to be the target of harsh moral criticism from our people, who voted for them knowing that a solution to the political-prisoner problem was part of their program."

What stand are they going to take if the Cumplido laws get bogged down in the Senate, which may reject what the Chamber of Deputies has passed?

"This country's political authorities will be held historically accountable," says Vasily Carrillo.

Paraguay

Congressman, Foreign Minister on U.S. Troops

PY1109213090 Asuncion HOY in Spanish 11 Sep 90 p 10

[Text] Antonio Salum Flecha, chairman of the Chamber of Deputies Foreign Relations Commission, and Foreign Relations Minister Alexis Frutos Vaesken have held another talk on the presence of U.S. troops in the country. The Popular Democratic Party and other organizations had already denounced the fact in Congress. Salum Flecha said: "I have talked with the Foreign Minister, and he has reasserted that such rumors are completely groundless."

He added that Minister Frutos Vaesken assured him that if such a situation occurs in the future, "we (the congressmen) will be informed through appropriate channels."

Salum Flecha said: "The necessary information will be requested, and if there is a possibility of such a situation in the future, congressmen believe an authorization must be requested from the National Congress, as is established in the Constitution."

According to remarks made some months ago by Defense Minister General Souto Hernandez, approximately 200 U.S. military advisers are currently in the country.

On 10 September, congressional commissions of friendship with the Republic of Korea and France were created. These commissions will be in charge of promoting relations among congressmen. The members of both commissions are Antonio Salum Flecha, Jose Felix Fernandez, Persio Da Silva, Gustavo Riart, Victor Hugo Pena, Carlos Caballero Roig, Oscar Insfran, Nelson Villate, and Ricardo Lugo.

Attorney General Martinez Tenders Resignation

PY1209030090 Asuncion RPC Television Network in Spanish 0000 GMT 12 Sep 90

[Excerpt] [Passage omitted] This morning, after having refused to resign time and again, Attorney General Ruben Diogenes Martinez tendered his irrevocable resignation through notes addressed to President Andres Rodriguez, Chief Justice Jose Alberto Correa, and Senate President Waldino Ramon Lovera.

In his notes, the attorney general says that neither pressures nor vested interests were instrumental in obstructing the dynamic action of his office in enforcing the law. He says this claim is substantiated by dozens of folders containing the numerous investigations, pre-trial inquests, and legal actions taken to uphold constitutional rights, which were curtailed by officials of the former regime or by irresponsible opportunists today.

In recent times the mission to promote justice, which is entrusted to the attorney general by the Constitution, has become increasingly difficult. Repeated requests for reports and documents from the Itaipu and Yacyreta binational enterprises, as well as from other institutions, have gone unheeded. These are the main reasons for the attorney general's resignation. [passage omitted]

Rodriguez on Communist Party Goal of Legal Status

PY1109144090 Asuncion HOY in Spanish 8 Sep 90 p 10

[Text] President Andres Rodriguez has said that the Constitution should be amended so that the Paraguayan Communist Party (PCP) can be accepted as a legal party. He was alluding to an article in the Constitution that prohibits class struggle.

At the end of a meeting yesterday at the Central Bank, Rodriguez voiced his opinion on the PCP's efforts to obtain legal status. He said: "What I know is that the Constitution must be changed to see whether that party can be granted legal status. So far our Constitution has not allowed the PCP to be accepted as an official party."

On 6 September a PCP delegation went to the General Electoral Board to hand in documents containing the PCP's principles, statutes, and programs in its effort to obtain legal status.

Group Creates New Colorado Party Faction

PY1209021090 Asuncion HOY in Spanish 11 Sep 90 p 8

[Excerpt] Last night a group of Colorado Party followers created the Colorado Independent Institutionalist Movement (MICI) [Movimiento Institucionalista Colorado Independiente] and committed themselves to not compromising or joining the Democratic Alliance or the Orthodox factions.

According to the founders, the movement is a valid alternative not only for Colorado Party followers, but also for members of other political groups, particularly young people and peasants who have been virtually forgotten by the present party leadership.

Last night's meeting took place at Anthony Stanley's residence and coincided with the anniversary of the founding of the ANR [National Republican Association-Colorado Party]. The main speakers were Carlos Noguera Vazquez and Deputy Carlos Duarte Torres, besides Stanley who welcomed his guests.

The movement will try to recover the party's credibility, particularly among young people because this group will be decisive in the municipal elections as well as in the 1993 general elections.

According to those sponsoring the group, the Colorado Party has fallen into total disrepute because of the attitude of the current party leadership and the groups who want to install "something close to a civilian dictatorship" in the country.

One of the visible heads of the movement is Deputy Carlos Duarte Torres, who has maintained an independent stance in Congress disregarding alliances with the other dominant groups headed by Colorado Party executive board members. [passage omitted]

Peru

Fujimori on Medicine Price Reduction Measures

PY1109150490 Lima Television Peruana in Spanish 0100 GMT 11 Sep 90

[Excerpt] The majority of the people today supported the government's decision to import medicines to end oligopolies, thus substantially reducing prices and safeguarding the interests of the people. William Barriga, dean of the Association of Chemists and Pharmacists, and German Guevara, president of the National Association of Drugstore Owners, have both commented on the issue.

The public, which has complained that it is impossible to buy expensive medicines, is supporting an announcement by President Alberto Fujimori, who yesterday proposed measures for pharmaceutical laboratories to lower medicine prices to 25 or—in some cases—10 percent of their current price.

The president also announced—as a first measure to lower medicine prices—the elimination of taxes on the sale of medicines and the participation of the state in the sector through the Ministry of Health and the Peruvian Social Security Institute. [passage omitted]

Report Gives Overview of Economic Situation

PY1109235090 Madrid EFE in Spanish 1557 GMT 10 Sep 90

[Text] Lima, 10 Sep (EFE)—Salvador Majluf, president of the National Society of Peruvian Industries, said today that factories are totally idle because of a recession. Meanwhile, several sectors have announced strikes.

The statement by Majluf coincided with remarks by National Business Confederation leader Herless Buzzio, who last week said that 7,000 small and medium enterprises have closed. He said further that the enterprises were affected by the loss of capital caused by tight adjustment measures adopted by the government of Peruvian President Alberto Fujimori on 8 August.

Majluf said that he does not know how long this situation will last.

Even though the financial indexes published every day are increasingly alarming, the government has reacted slowly.

According to a recent Central Bank report, 55 percent of the 22 million Peruvians—that is, a little more than 12 million people—are living in misery.

The emergency program the government has designed to help those 12 million people has only provided for one-third of their food needs.

Dina Kalinowski, chief of the Education Ministry's Literacy Department Directorate, has said that 40 percent of the children have left public schools to work and help at home.

President Fujimori last night asked the pharmaceutical industry to reduce the price of medicines by 25 percent and in some cases, by up to 90 percent. He announced that the state will import and directly sell medicines.

The president said the government will tolerate "neither blackmail nor pressure from oligopolies or cartels. The privileges of a few should yield to the interests of the majority."

Industry and Commerce Minister Guido Pennano reported that this week, the government will announce a new tariff policy in which tariffs will range from 10 to 50 percent, a measure that, according to industrialists, has been adopted after excessive delay.

The displeasure caused by the deterioration of the purchasing power of salaries has been reflected in strikes: 35,000 bank employees, who are members of the communist labor union, will begin a nationwide strike tomorrow if the Labor Ministry does not grant their demands today.

A communique released today by the bank employees federation stated that banks only need to work 44 days a year to pay the salaries of their employees, adding that "the rest of the year we work for free."

State petroleum agency workers today began a 48-hour strike over salary demands.

In the public sector, 200,000 teachers will stage a 24-hour strike this week to protest the fact that their salaries have been paid in installments. Public welfare employees have been on strike since last week, demanding a salary increase.

Some 70,000 miners, of whom 4,000 have been on strike for 20 days, could also go on strike this week.

PRC Foreign Minister Arrives for Visit

PY1009124290 Lima Television Peruana in Spanish 1100 GMT 10 Sep 90

[Text] PRC Foreign Minister Qian Qichen has arrived for an official visit at the invitation of President Alberto Fujimori. The foreign minister will be in Peru for four days and will meet with high-ranking officials.

Activities of Qian Qichen Reported

PY1109145090 Lima Television Peruana in Spanish 0100 GMT 11 Sep 90

[Text] Peruvian Foreign Minister Luis Marchand and his PRC counterpart Qian Qichen today presided over a meeting of the joint Peruvian-PRC commission at Torre Tagle Palace to promote friendship and cooperation ties between the two countries.

The Peruvian-PRC commissions [as heard] began their working sessions with an agenda that includes an exchange of views on current international affairs and the possibilities for promoting bilateral cooperation. The Peruvian delegation was presided over by Peruvian Foreign Minister Luis Marchand, while the PRC delegation was presided over by Marchand's PRC counterpart.

Marchand emphasized the significance of Peruvian-PRC ties in connection with four major areas: historical background; the reestablishment of relations in 1971; Pacific Ocean basin affairs; and the visit of the PRC foreign minister, which marks the beginning of a new chapter in Peruvian-PRC relations 19 years after their reestablishment.

The Peruvian foreign minister said that the Peruvian and PRC delegations will seek to strengthen economic, commercial, and financial ties, taking into account the PRC's interest in increasing its financial activities in Peru. The commissions will also consider major projects in the mining, energy, agriculture, fishing, and urban transportation sectors. Marchand also emphasized financial and technical cooperation ties and the enforcement of agreements signed with the PRC in 1969 [as heard] and 1988.

Among other objectives, the delegations will try to create a mixed commission to analyze bilateral relation procedures.

The Chinese foreign minister, who will continue his official visit to Peru until 13 September, said that he was very satisfied with his visit to Peru, a Latin American country with close relations with the Andean Pact.

Qian Qichen visited Congress, where he met with Senate Speaker Maximo San Roman and House Speaker Victor Paredes. He then visited Lima City Hall, where Mayor Ricardo Belmont declared him an illustrious guest and handed him the key to the city.

Uruguay

Government 'Analyzing' Iraqi Oil Offer

PY1109175690 Montevideo Radio El Espectador Network in Spanish 1600 GMT 11 Sep 90

[Excerpt] Uruguay has stated that it will fully comply with the UN resolutions on Iraq. Consequently, it will be within this framework that Uruguay will analyze Saddam Husayn's offer [words indistinct] the offer of free oil that the chief of state made to Third World countries. Also, Uruguay will try to find a way to sell products that were to have been sold to

Iran [as heard] to the EEC. As you know, such products are beef [words indistinct]. Alberto Facal now reports from the Libertad building on this topic and the activities of President Luis Alberto Lacalle:

[Facal] Foreign Minister Hector Gros Espiell has said that Uruguay is analyzing Iraqi President Saddam Husayn's offer to donate oil to Third World countries within a framework of strict compliance with the decisions of the UN Security Council. The minister explained that the government has received no official information on the subject and that the only available information is from press reports. Regarding troops being sent to the Persian Gulf, Gros Espiell said that if there was a request to this effect, it would be considered within [passage indistinct].

Referring to the Iraqi president's offer, the minister said:

[Begin Gros Espiell recording] [Passage indistinct] It is being studied within the framework of strict compliance with the UN Security Council resolutions and in keeping with Uruguay's observance of international law. We are also studying [words indistinct] the presentation that Uruguay has made before the UN Security Council, based on Article 50 of the UN Charter. A letter was sent yesterday [words indistinct] message on the subject addressed to the Security Council. In addition, the issue [passage indistinct] the negative impact of the crisis on Uruguay, especially because it meant the cancellation of a transaction of 2,000 tons [of beef] to Iraq." [passage omitted] [end recording]

Source Reports Disagreement in Economic Team

PY1109213490 Montevideo Radio Carve in Spanish 0000 GMT 11 Sep 90

[Lino Torres report from Government House]

[Text] A high-ranking government source has admitted that there is disagreement within the government's economic team. However, there usually is disagreement within any group of technicians who propose various alternatives to deal with a given problem, the source said.

The source noted that this does not mean that changes will be made because of the deterioration some members of the economic team may be experiencing.

As you may recall, over the past few hours a report circulated in political circles linked to the [word indistinct] about the existence of alleged discontent between the executive branch and the economic team during discussion of the budget bill a few days ago.

Venezuela

Perez Says Iraqi Oil Offer 'Propaganda Ploy'

PA1209004590 Caracas Venezolana de Television Canal 8 in Spanish 0000 GMT 12 Sep 90

[Text] President Carlos Andres Perez has described Iraqi President Saddam Husayn's offer to provide free petroleum to Third World countries as a propaganda ploy.

Referring to his position on the Middle East conflict, President Perez reiterated that Venezuela cannot accept the erasure of a country's border by force. Therefore, it will continue to support the United Nations.

[Begin recording] [Reporter] Do you think Venezuela could be affected by President Husayn's decision to give oil to Third World countries?

[Perez] For God's sake, that is naive. First of all, there is an embargo. Second, how can a country give away its only resource? How will Iraq survive? This action is a result of the embargo. It makes no sense. It is not worthy of comment. I do not want to say much or want to offend anyone about a country that is a friend of Venezuela but which, unfortunately, is today involved in such an unfortunate adventure. [end recording]

Regarding a front-page report indicating that Venezuela owes $400 million in interest on the foreign debt, the president admitted that the country is behind in payments, but he added that this is normal, saying that the country has more than a few cents to pay.

Guyana

Jagan Comments on Lack of Opposition Consensus

FL1109212190 Bridgetown CANA in English 2103 GMT 11 Sep 90

[Text] Georgetown, Guyana, Sept 11, CANA—Guyana's opposition leader, Dr. Cheddi Jagan, has blamed some members of the opposition Patriotic Coalition for Democracy (PCD) for the group's failure to select a presidential candidate for the coming elections. "We debated in good faith from a position of reasonableness and with hope and optimism right to the end... But unfortunately, we were confronted with various pressures, blackmail attempts, ultimatums, and obstinate objections from some who have inscribed in their hearts the slogan "I hate Jagan today and forever"," Jagan said.

Jagan heads the People's Progressive Party—one of the parties in the PCD. He said there was still hope for a solution to the matter, hinting that his party would "work for an electoral alliance in one form or another".

"For us in the PPP, we do not intend to promote division of our people and the liberation of Guyana through the politics of conspiracy," he added.

Last weekend the PCD announced that it was unable to choose a consensus candidate after the parties involved refused to budge from their original positions. Jagan said that his PPP believed that "an alliance policy with a plural multi-party, multi-racial, multi-class and multi-ideology political system is best suited for Guyana".

Jagan, in his first public comment on the breakdown of the talks, said that his party had "proposed an Indo-Guyanese for president and an Afro-Guyanese as prime minister in a new government". Elections must be held here no later than March next year.